# SPEY RESOURCES CORP.

**Management Discussion and Analysis**
**For the nine month period ended February 28, 2019**

The Management Discussion and Analysis ("MD&A"), prepared April 30, 2019 should be read in conjunction with the audited financial statements and notes thereto for the year ended November 30, 2018 and the notes thereto of Spey Resources Corp. ("Spey Resources") which were prepared in accordance with International Financial Reporting Standards.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## DESCRIPTION OF BUSINESS

Spey Resources Corp. ("the Company") was incorporated on July 31, 2017 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 1315 Moody Avenue, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at February 28, 2019, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

## EXPLORATION AND EVALUATION ASSET

| | Acquisition Costs | Exploration Costs | Total |
|---|---|---|---|
| | $ | $ | $ |
| Balance, November 30, 2018 | 15,000 | 102,179 | 117,179 |
| Cash Option Payment | 59,956 | | 59,956 |
| Shares issued for exploration asset | 50,000 | | 50,000 |
| Balance, February 28, 2019 | 109,956 | 102,179 | 227,135 |

### Standfast Wigwam Property

Pursuant to an option agreement (the "Agreement") dated July 31, 2017, the Company was granted an option to acquire a 100% undivided interest in the Standfast Wigwam Property (the "SW Property") located in the Revelstoke Mining Division in British Columbia.

In accordance with the Agreement, the Company has the option to acquire a 100% undivided interest in the Property by issuing a total of 600,000 common shares of the Company to the Optionors, making cash payments totaling $155,000, and incurring a total of $500,000 in exploration expenditures as follows:

| | Common Shares | Cash | Exploration Expenditures |
|---|---|---|---|
| | # | $ | $ |
| Upon execution of the Agreement (paid) | - | 5,000 | - |
| Upon listing of the Company's common shares on a Canadian Stock Exchange (the "Listing") (issued) | 100,000 | - | - |
| On or before the first anniversary of the Listing | 100,000 | - | - |
| On or before the second anniversary of the Listing | 100,000 | 20,000 | 100,000 |
| On or before the third anniversary of the Listing | 100,000 | 30,000 | 100,000 |
| On or before the fourth anniversary of the Listing | 200,000 | 100,000 | 300,000 |
| On or before the fifth anniversary of the Listing | - | | - |
| Total | 600,000 | 155,000 | 500,000 |

The Optionors will retain a 3% Net Smelter Returns royalty on the Property. The Company has the right to purchase the first 1% of the royalty for $750,000 and the remaining 2% for $1,000,000 at any time prior to the commencement of commercial production.

## Uravan Property

Pursuant to an option agreement (the "Agreement") dated January 11, 2019, the Company was granted an option to acquire a 100% interest in the Uravan Property (the "Uravan Property") located in the La Sal area, San Juan County, Utah, USA.

In accordance with the Agreement, the Company has the option to acquire a 100% interest in the Uravan Property by issuing a total of 3,500,000 common shares of the Company to the Optionors and making cash payments totaling US$310,000 as follows:

| | Common Shares | Cash |
|---|---|---|
| | # | $ |
| Within 5 days of the filing of the Option Agreement with the CSE (the "Filing Date") (paid) | 500,000 | US 35,000 |
| On or before that date that is 12 months from the Filing Date | 500,000 | US 50,000 |
| On or before that date that is 24 months from the Filing Date | 500,000 | US 75,000 |
| On or before that date that is 36 months from the Filing Date | 1,000,000 | US 150,000 |
| On or before that date that is 48 months from the Filing Date | 1,000,000 | |
| Total | 3,500,000 | US 310,000 |

An additional payment of US 1,000,000 either in cash or common shares of the Company on or before the date of commencement of commercial production.

Upon Spey earning a 100% interest in the Property, Geoxplor shall be entitled to a 2.0% Net Smelter Return Royalty ("NSR") payable upon commercial production from the Property. Spey has the right to purchase three quarters of the NSR (leaving Geoxplor with a 0.5% NSR) by making payments totaling US$1,500,000 at anytime.

**SELECTED ANNUAL INFORMATION**
**($000's except loss per share)**

| | February 28, 2019 | November 30, 2017 |
|---|---|---|
| Revenue | 0 | $ 0 |
| Net Loss | (43) | $ (57) |
| Basic and Diluted Loss Per Share | (0.00) | $ (0.01) |
| Total Assets | 308 | $ 160 |
| Long-Term Debt | 0 | $ 0 |
| Dividends | 0 | $ 0 |

## OPERATIONS

**Three month period ended February 28, 2019**
During the three months ended February 28, 2019 the Company reported a net loss of $42,781.

**SUMMARY OF QUARTERLY RESULTS**
**($000's except earnings per share)**

| | February 28, 2019 | | November 30, 2018 | |
|---|---|---|---|---|
| Revenue | $ | 0 | $ | 0 |
| Net loss | $ | (43) | $ | (57) |
| Basic and diluted Loss per share | $ | (0.00) | $ | (0.01) |

**LIQUIDITY AND CAPITAL RESOURCES**

The Company's cash and cash equivalents at February 28. 2018 were $190,777 compared to $48,769 at November 30, 2018.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

**TRANSACTIONS WITH RELATED PARTIES**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company had incurred the following key management personnel cost from related parties:

| | **Period ended February 28, 2019** | **Period ended November 30, 2018** |
|---|---|---|
| | $ | $ |
| Share-based payments | 20,000 | 73,059 |
| Total | 20,000 | 73,059 |

Management fees and share-based payments were incurred from a director and a company owned by a director of the Company. Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer.

**COMMITMENTS**

The Company is committed to certain cash payments, share issuances and exploration expenditures in connection with the acquisition of its mineral property claims.

**SUBSEQUENT EVENTS**

There were no material subsequent events.

## APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The mandatory adoption of the following new and revised accounting standards and interpretations on March 1, 2015 had no significant impact on the Company's financial statements for the years presented:

IAS 1 – Presentation of Financial Statements

In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 – Property, Plant and Equipment and IAS 36 – Intangible Assets

In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

## NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

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## CRITICAL ACCOUNTING POLICIES

Stock-based Compensation

The Company has a stock option plan, which is described in to the financial statements. Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

Financial Instruments

Financial assets are classified into one of four categories:

- Fair value through profit or loss;
- Held-to-maturity;
- Available for sale and;
- Loans and receivables

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

*Financial assets at fair value through profit or loss ("FVTPL")*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if

- It has been acquired principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or;
- It is a derivative that is not designated and effective as a hedging instrument.

The Company's cash is classified as FVTPL assets.

*Held-to-maturity ("HTM")*

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

*Available-for-sale financial assets ("AFS")*

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets as at FVTPL. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss. The Company does not have any assets classified as AFS.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less and impairment losses. The Company does not have any assets classified as loans and receivables.

Derecognition of financial assets

A financial asset is derecognized when:

- The contractual right to the asset's cash flows expire; or
- If the Company transfer the financial assets and substantially all risks and rewards of ownership to another entity.

*Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

## SHARE CAPITAL

Issued

The company has 12,040,000 shares issued and outstanding as at February 28, 2019 and 13,390,000 shares issued and outstanding as at April 30, 2019. The increase in issued and outstanding shares is due to the issuance of 1,350,000 common shares on April 10, 2019 under a private placement.

Stock Options

The Company has 1,154,000 stock options outstanding at February 28, 2019 and 1,304,000 stock options outstanding as at April 30, 2019. The increase in stock options is, due to a grant of 150,000 to a director of the Company on April 15, 2019.

Warrants

The Company had 350,000 share purchase warrants outstanding at February 28, 2019 and 1,700,000 share purchase warrants outstanding as at April 30, 2019, due to the issuance of 1,350,000 share purchase warrants priced at $0.10 issued on April 10, 2019 under a private placement.

Escrow Shares

The Company has 3,225,000 shares held in escrow as at February 28, 2019 and April 30, 2019.

## SUBSEQUENT EVENTS

Private Placement

On April 10, 2019, the Company completed a Private Placement and issued an aggregate of 1,350,000 units at a price of $0.06 per unit for gross proceeds of $81,000. Each unit was comprised of one common share in the capital of the Company and one non-transferrable common share purchase warrant. Each warrant entitles the holder to purchase one Common Share at a price of $0.10 per Common Share until April 10, 2020.

Related Party Transaction

Marshall Farris, CEO, Corporate Secretary and a director of the Company, purchased 200,000 Units and his participation is considered to be a "related party transaction" as defined under Multilateral Instrument 61-101 ("**MI 61-101**"). The transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of the securities to be distributed in the Private Placement nor the consideration to be received for those securities, in so far as the Private Placement involves Mr. Farris, exceeds $2,500,000. The Company did not file a material change report more than 21 days before the expected closing of the Private Placement as the details of the Private Placement and the participation therein by related parties of the Company were not settled until shortly prior to closing and the Company wished to close on an expedited basis for sound business reasons.

Early Warning Disclosure

Prior to the issuance of the units, Mr. Farris held 2,550,000 Common Shares. Following completion of the Private Placement, Mr. Farris now has control and direction over an aggregate of 2,750,000 Common Shares, Warrants exercisable to acquire 200.000 Common Shares and Stock Options exercisable to acquire 275,000 Common Shares. The Common Shares controlled by Mr. Farris represent approximately 20.54% of the outstanding Common Shares of the Company.

All securities of the Company controlled by Mr. Farris are held for investment purposes. In the future, Mr. Farris (directly or indirectly), may acquire and/or dispose of securities of the Company through the market, privately or otherwise, as circumstances or market conditions may warrant.

Mr. Farris filed an Early Warning Report with the regulators in connection with his purchase of securities pursuant to National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* of the Canadian Securities Administrators, which also requires an early warning report to be filed with the applicable securities regulators containing additional information with respect to the foregoing matters. A copy of the early warning report filed by Mr. Farris in connection with completion of the Private Placement is available under the Company's profile on SEDAR (www.sedar.com).

Stock Option Grant

On April 15, 2019, pursuant to the Company's Stock Option Plan, the Company granted 150,000 stock options to a director of the Company. The options are exercisable at $0.10 per share for five years from the date of grant and vest immediately. The grant is subject to the provisions of the Company's Stock Option Plan, the policies of the CSE and applicable securities laws.