

CANEX ENERGY CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED OCTOBER 31, 2019

1.1 **DATE**

The following Management Discussion and Analysis (“MD&A”) is prepared by management and approved by the Board of Directors as at December 18, 2019 and should be read in conjunction with the interim financial statements for the period ended October 31, 2019, and the audited financial statements for the year ended April 30, 2019 of Canex Energy Corp (“Canex” or the “Company”) with the related notes thereto. Those financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). This document is current as of September 24, 2019.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. Further information regarding the Company and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be obtained from www.sedar.com.

1.2 **CAUTION REGARDING FORWARD LOOKING STATEMENTS**

Except for statements of historical facts relating to the Company, this MD&A contains certain forward-looking statements and information relating to the Company that is based on the beliefs of the Company, or management, as well as assumptions made by and information currently available to the Company or management. These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. When used in this document, the words “anticipate”, “believe”, “estimate”, “expect”, “implied”, “intend” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the current view of the Company regarding future events and are subject to certain risks, uncertainties and assumptions, including the risks and uncertainties noted. Should one or more of these risks materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, implied, expected or intended. In each instance, forward-looking information should be considered in the light of the accompanying meaningful cautionary statements herein.

1.3 **OVERALL PERFORMANCE**

The Company was incorporated on September 20, 2006 under the *Business Corporations Act* (British Columbia) to operate as a resource exploration and development company focusing on the acquisition and exploration of mineral properties. As of February 9, 2018, the Company is listed on NEX Board and is currently seeking new business opportunities. The trading symbol of the Company is CSC.H.

On January 8, 2019, the Company entered into a non-binding letter of intent (the “LOI”) with Choom Holdings Inc. (“Choom”) dated December 31, 2018 whereby Canex will purchase Island Green Cure Ltd. and Medi-Can Health Solutions Inc., both wholly owned subsidiaries of Choom with applications under the Access to Cannabis for Medical Purposes Regulations and their related leasehold interests. A definitive agreement could not be reached by the Company and Choom, and the LOI expired and automatically terminated on May 8, 2019.

On September 18, 2019, the Company signed an option agreement (the “Agreement”) with Eagle Plains Resources Ltd. (“Eagle Plains”) a company listed on the TSX Venture Exchange (“TSXV”), under which Canex may acquire up to 75% (the “Transaction”) of Eagle Plains’ Olson Gold Project, consisting of nine (9) mineral dispositions covering approximately 3,868 hectares, located approximately 100 km east of La Ronge, Saskatchewan, in the Deschambault Lake area (the “Property”).

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OLSON GOLD PROJECT

The Company entered into an option Eagle Plains, under which the Company may acquire up to 75 of Eagle Plains' Olson Gold Project, consisting of nine (9) mineral dispositions covering approximately 3,868 hectares, located approximately 100 km east of La Ronge, Saskatchewan, in the Deschambault Lake area.

Under the Agreement, the Company may earn-in up to a 51% interest in the Property by making certain staged cash payments, share payments of common shares in the capital of Canex to Eagle Plains and exploration expenditures over a period as follows:

- (i) \$10,000 in cash upon execution of a letter of intent in respect of the Transaction (paid);
- (ii) \$20,000 in cash and 200,000 common shares upon TSXV approval of the Transaction and the Agreement (the "Approval Date");
- (iii) \$40,000 in cash, 200,000 common shares and \$200,000 in exploration expenditures on or before December 31, 2020;
- (iv) \$80,000 in cash, 200,000 common shares and \$500,000 in exploration expenditures on or before December 31, 2021; and
- (v) \$100,000 in cash, 200,000 common shares and \$800,000 in exploration expenditures on or before December 31, 2022.

During the period ended October 31, 2019

In connection with the transaction with Eagle Plains, the Company is arranging the following:

- (i) The Company intends to complete a non-brokered private of units of the Company at a price of \$0.17 per unit for minimum gross proceeds of \$500,000. Each Unit will consist of one common share and one half of one transferable common share purchase warrant (a "Warrant"), with each whole Warrant exercisable at price of \$0.25 per Warrant for a period of two years from issuance.
- (ii) Concurrent with the closing the private placement, the Company will issue 2,595,590 common shares of the Company with a deemed price of \$0.17 per share to settle \$441,250 of debt.

During the year ended April 30, 2019

The Company closed its previously announced non-brokered private placement and is issuing a total of 1,923,077 units at a price of \$0.13 per unit for an aggregate of \$250,000. Each Unit, which comprised one common share and one common share purchase warrant. Each whole warrant will entitle the holder to acquire an additional common share at a price of \$0.17 for a period of 24 months from the closing date.

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1.4 SELECTED ANNUAL INFORMATION

The following table sets forth selected financial information for the Company expressed in Canadian dollars for the three most recently completed financial years and should be read in conjunction with the Company's financial statements and related notes for such periods.

	For the Fiscal Year ended April 30, 2019	For the Fiscal Year ended April 30, 2018	For the Fiscal Year ended April 30, 2017
Revenue	\$ -	\$ -	\$ -
Expenses	\$ 392,400	\$ 502,139	\$ 168,094
Total comprehensive loss	\$ 392,400	\$ 502,139	\$ 71,298
Loss per share – basic and diluted	\$ (0.16)	\$ (0.23)	\$ (0.03)
Working capital (deficiency)	\$ (784,469)	\$ (637,519)	\$ (185,635)
Total assets	\$ 210,826	\$ 63,684	\$ 18,294
Total long-term financial liabilities	\$ -	\$ -	\$ -
Deficit	\$ (5,873,152)	\$ (5,480,752)	\$ (4,978,613)
Weighted average number of shares outstanding	2,502,603	2,181,212	2,181,212

1.5 RESULTS OF OPERATIONS

For the three and six months ended October 31, 2019

The Company incurred a net loss of \$85,650 and \$175,210 for the three and six months ended October 31, 2019 compared to a net loss of \$96,873 and \$187,887 for the comparable periods. Variances incurred for office and administration were experienced in the current quarter to preserve working capital in light of the Eagle Plains transaction and proposed private placement.

1.6 SUMMARY OF QUARTERLY RESULTS

A summary of quarterly results for the eight most recently completed quarters are as follows:

	Three Months Ended October 31, 2019	Three Months Ended July 31, 2019	Three Months Ended April 30, 2019	Three Months Ended January 31, 2019
Deficit	\$ (6,048,362)	\$ (5,962,712)	\$ (5,873,152)	\$ (5,749,212)
Profit (Loss)	\$ (85,650)	\$ (89,560)	\$ (123,940)	\$ (80,573)
Basic and diluted income (loss) per share	\$ (0.02)	\$ (0.02)	\$ (0.04)	\$ (0.04)
Total assets	\$ 162,650	\$ 186,004	\$ 210,826	\$ 60,009
Total liabilities	\$ 1,122,329	\$ 1,060,033	\$ 995,295	\$ 914,988
Total equity (deficit)	\$ (959,679)	\$ (874,029)	\$ (784,469)	\$ (854,979)

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	Three Months Ended October 31, 2018	Three Months Ended July 31, 2018	Three Months Ended April 30, 2018	Three Months Ended January 31, 2018
Deficit	\$ (5,668,639)	\$ (5,571,766)	\$ (5,480,752)	\$ (5,321,250)
Loss	\$ (96,873)	\$ (91,014)	\$ (159,502)	\$ (93,726)
Basic and diluted loss per share	\$ (0.04)	\$ (0.04)	\$ (0.07)	\$ (0.04)
Total assets	\$ 10,035	\$ 13,119	\$ 63,684	\$ 37,524
Total liabilities	\$ 870,441	\$ 776,652	\$ 701,203	\$ 515,541
Total equity	\$ (860,406)	\$ (763,533)	\$ (637,519)	\$ (478,017)

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficiency of \$959,679 (April 30, 2019 - \$784,469 deficiency).

Net cash used in operating activities for the period ended October 31, 2019 was \$49,678 compared to net cash used in operating activities for the period ended October 31, 2018 of \$19,350. The cash used in operating activities for the current year was for general and administrative expenditures, continued business development in areas of sourcing new finances to continue operations. Accrued consulting fees attributed to the higher cash outflow for the current period.

The Company will require financing from external sources, including the issuance of new shares or debt. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on acceptable terms. If additional financing is raised through the issuance of equity or convertible debt securities, control of the Company may change and the interest of shareholders in the net assets of the Company may be diluted. If unable to secure financing on acceptable terms, the Company may have to cancel or postpone certain of its planned exploration and development activities which may ultimately lead to the Company's inability to fulfill the minimum work obligations under the terms of its option agreements.

1.7 OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

1.8 TRANSACTIONS WITH RELATED PARTIES

The value of transactions and outstanding balances relating to key officers and directors and entities over which they have control or significant influence were as follows:

	For the six months ended October 31, 2019	For the six months ended October 31, 2018
	\$	\$
Consulting	170,000	156,000
	170,000	156,000

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As at October 31, 2019, \$905,888 was owing to related parties for expenses incurred on behalf of the Company. As at April 30, 2019, \$760,787 was owing to related parties for unpaid service fees. All amounts payable to related parties are unsecured, non-interest bearing and due on demand.

See Note 7 of the October 31, 2019 condensed interim financial statements for additional related party disclosure.

1.9 PROPOSED TRANSACTIONS

There are no proposed transactions.

1.10 SIGNIFICANT ACCOUNTING JUDGMENTS AND CRITICAL ACCOUNTING ESTIMATES

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the ability of the Company to continue as a going concern.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

- i) *Deferred income taxes* - The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

1.11 NEW ACCOUNTING STANDARDS AND AMENDMENTS TO EXISTING STANDARDS

New accounting standards and recent pronouncements

The Company has not applied the following new or revised standards and amendments that have been issued but are not yet effective for the Company's April 30, 2019 reporting period:

IFRS 16 – Leases ("IFRS 16") was issued by the IASB on January 13, 2016, and will replace IAS 17, *Leases*. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. Control is considered to exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. The Company is currently assessing the impact of this standard but has not yet determined the extent of the impact.

IFRS 16 is applicable to the Company's annual period beginning on May 1, 2019.

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1.12 FINANCIAL INSTRUMENTS

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying values of cash and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below:

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2019, the Company had a cash balance of \$134,413 (April 30, 2019 - \$194,091) to settle current liabilities of \$1,002,329 (April 30, 2019- \$995,295). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company will need to raise money through debt or equity issuances.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices. Such fluctuations may be significant.

a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in a foreign currency. As at October 31, 2019 the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

c) Price risk

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

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Capital Management

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. capital stock, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's overall strategy remains unchanged from prior year.

1.13 OUTSTANDING SHARE INFORMATION

As at the date of this document, the following shares were issued and outstanding:

	Issued & Outstanding	Authorized
Capital stock		
Common shares	4,104,289	unlimited
Warrants	1,923,077	-
Options	200,000	-

1.14 MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Company's management is responsible for presentation and preparation of the financial statements and the Management's Discussion and Analysis ("MD&A"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

The financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information the Company's management must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information.

The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.