

# **YORKTON VENTURES INC.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **For the Nine Month Period Ended March 31, 2019**

The following Management's Discussion and Analysis ("MD&A") of the results of operations and financial condition should be read in conjunction with the condensed interim financial statements of Yorkton Ventures Inc. (the "Company") for the nine-month period ended March 31, 2019. The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on a going concern basis. Readers are also encouraged to refer to the audited financial statements for the year ended June 30, 2018 and related notes attached thereto. Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars which is the functional currency of the Company. The effective date of this MD&A is May 30, 2019.

This MD&A may contain forward-looking statements relating to the operations or to the environment in which we operate, which are based on the Company's operations, forecasts, and projections. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions, and actual results may differ materially from those anticipated in these forward-looking statements.

#### **Company Overview**

Yorkton Ventures Inc. (the "Company") was incorporated under the Business Corporations Act of British Columbia on August 30, 2006 as Brookbank Mining Corp., and changed its name to Yorkton Ventures Inc. on October 9, 2009. The Company was a Capital Pool Company ("CPC"), as defined in the policies of the TSX Venture Exchange (the "Exchange"). Based on the Company's Filing Statement dated January 14, 2013, the Company received approval of its Qualifying Transaction (the "QT") from the Exchange. Effective at the opening of trading on February 4, 2013, the Company ceased to be considered a CPC and began trading as a Tier 2 oil and gas issuer under the symbol YVI. The Company's registered office is located at Suite 1200, 750 West Pender Street, Vancouver, BC V6C 2T8.

The Company has historically been engaged in the acquisition, exploration, and development of prospective oil and gas properties. The Company intends to work to identify and evaluate other properties and exploration programs and/or other business models and opportunities.

The Company's cash position decreased during the nine-month period ended March 31, 2019 to \$906,944 from \$968,327 at June 30, 2018. Working capital has decreased from \$1,138,992 at June 30, 2018 to \$1,077,875 at March 31, 2019.

#### **Results of Operations**

For the three month period ended March 31, 2019, the Company reported a net loss of \$8,672 (2018 – \$41,217). For the three-month period ended March 31, 2019, the Company had general and administrative expenses of \$2,672 (2018 - \$7,317), management and consulting fees of \$3,000 (2018 - \$24,000), and professional fees of \$3,000 (2018 - \$9,900). During the three-month period ended March 31, 2019, the Company recorded interest income of \$3,000 (2018 - \$2,959).

#### **Liquidity**

As at March 31, 2019, the Company had cash of \$907,004 and working capital of \$1,083,546 compared to cash of \$968,327 and working capital of \$1,138,992 at June 30, 2018.

The Company is confident that it has sufficient cash resources and revenue to finance its activities for the upcoming fiscal year.

### Selected Annual Financial Information

The following table sets forth selected audited financial information of the Company from the last three completed financial years ended June 30:

|                                         | 2018<br>\$ | 2017<br>\$ | 2016<br>\$ |
|-----------------------------------------|------------|------------|------------|
| Total revenue                           | —          | 20,253     | 238,437    |
| Net loss for the year                   | (138,295)  | (153,755)  | (443,134)  |
| Basic and diluted loss per share        | (0.01)     | (0.02)     | (0.05)     |
| Total assets                            | 1,139,514  | 827,418    | 1,147,077  |
| Total non-current financial liabilities | —          | —          | —          |

### Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

|                                             | March 31,<br>2019<br>\$ | December 31,<br>2018<br>\$ | September 30,<br>2018<br>\$ | June 30,<br>2018<br>\$ |
|---------------------------------------------|-------------------------|----------------------------|-----------------------------|------------------------|
| Revenue                                     | —                       | —                          | —                           | —                      |
| Net loss for the period                     | (5,672)                 | (20,561)                   | (34,885)                    | (31,721)               |
| Basic and diluted earnings (loss) per share | (0.00)                  | (0.00)                     | (0.00)                      | (0.00)                 |

  

|                                             | March 31,<br>2018<br>\$ | December 31,<br>2017<br>\$ | September 30,<br>2017<br>\$ | June 30,<br>2017<br>\$ |
|---------------------------------------------|-------------------------|----------------------------|-----------------------------|------------------------|
| Revenue                                     | —                       | —                          | —                           | 20,253                 |
| Net loss for the period                     | (38,258)                | (41,834)                   | (26,482)                    | (20,001)               |
| Basic and diluted earnings (loss) per share | (0.00)                  | (0.00)                     | (0.00)                      | (0.00)                 |

### Related Party Transactions

- During the three month period ended March 31, 2019, the Company incurred management fees of \$3,000 (2018 - \$3,000) to a company controlled by the President of the Company.
- During the three month period ended March 31, 2019, the Company incurred management fees of \$Nil (2018 - \$24,000) to a company controlled by the Chief Financial Officer of the Company.
- During the three month period ended March 31, 2019, the Company incurred professional fees of \$Nil (2018 - \$9,900) to a company controlled by the Chief Financial Officer of the Company.

### Accounting Standards Issued But Not Yet Effective

The following new standards, and amendments to standards and interpretations, are not yet effective for the three month period ended March 31, 2019, and have not been applied in preparing the financial statements:

- IFRS 9 Financial Instruments (New)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the Company's financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## Financial Instruments and Risks

### *Fair Values*

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at March 31, 2019, as follows:

|                           | Fair Value Measurements Using                                                         |                                                                 |                                                          | Balance,<br>March 31,<br>2019<br>\$ |
|---------------------------|---------------------------------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------|-------------------------------------|
|                           | Quoted prices in<br>active markets for<br>identical<br>instruments<br>(Level 1)<br>\$ | Significant<br>other<br>observable<br>inputs<br>(Level 2)<br>\$ | Significant<br>unobservable<br>inputs<br>(Level 3)<br>\$ |                                     |
| Cash and cash equivalents | 906,444                                                                               | —                                                               | —                                                        | 906,444                             |

The fair values of other financial instruments, which include accounts receivable, GST receivable, accrued interest receivable, loans receivable, income taxes receivable, and accounts payable and accrued liabilities and approximate their carrying values due to the relatively short-term maturity of these instruments.

### *Credit Risk*

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, GST receivable, accrued interest receivable, and loans receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The Company performs ongoing credit evaluations, does not require collateral and establishes an allowance for doubtful accounts based on the age of the receivable and the specific identification of receivables the Company considers at risk. GST receivable is due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

### *Foreign Exchange Rate Risk*

The Company is not exposed to any significant foreign exchange rate risk.

### *Interest Rate Risk*

The Company's exposure to interest rate risk relates to its ability to earn short-term interest on cash and cash equivalents balances at variable rates.

### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. Given the nature of the Company's financial assets, it believes that liquidity risk is relatively low.

## Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital, share-based payment reserve, and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2018.

### **Additional Disclosure for Venture Issuers Without Significant Revenue**

An analysis of material components of the Company's general and administrative expenses is disclosed in the condensed interim financial statements for the three-month period ended March 31, 2019 to which this MD&A relates.

### **Disclosure of Outstanding Share Data**

#### *Share Capital*

Authorized: Unlimited number of common shares without par value.

As at March 31, 2019, the Company had 12,000,000 shares issued and outstanding.

#### *Stock Options*

As at March 31, 2019, the Company had no stock options outstanding.

#### *Share Purchase Warrants*

As at March 31, 2019, the Company had no share purchase warrants outstanding.

### **Management's Report on Internal Controls over Financial Reporting**

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements and respective accompanying MD&A.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the financial statement filings on SEDAR at [www.sedar.com](http://www.sedar.com).