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**WESTERN TROY CAPITAL RESOURCES INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS**  
**THREE AND NINE MONTHS ENDED AUGUST 31, 2020**

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## **INTRODUCTION**

This interim Management Discussion and Analysis ("MD&A") of Western Troy Capital Resources Inc. ("Western Troy", or the "Company") is dated October 28, 2020. This MD&A has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last management discussion & analysis, being the Management Discussion & Analysis ("Annual MD&A") for the fiscal year ended November 30, 2019. This MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since date of the Annual MD&A. The Board of Directors carries out its responsibility for review of this disclosure principally through its audit committee. The audit committee reviews this disclosure and recommends its approval to the Board of Directors.

This MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with Annual MD&A, the audited annual consolidated financial statements of the Company for the years ended November 30, 2019, and 2018, and the unaudited condensed consolidated interim financial statements for the three and nine months ended August 31, 2020, together with the notes thereto. All amounts are in Canadian dollars unless otherwise specified.

The audited annual consolidated financial statements and the financial information contained in this MD&A were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS.

See the section "Risks and Uncertainties" and "Caution Regarding Forward-Looking Statements" included within this MD&A. Additional information relating to the Company is available free of charge on the System for Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com) or on Western Troy's website at [www.westerntroycapital.com](http://www.westerntroycapital.com).

## **DESCRIPTION OF BUSINESS**

Western Troy was incorporated under the laws of the Province of Ontario, Canada, by Articles of Incorporation dated November 8, 1989. The Company pursues interests in business opportunities, primarily in the resource sector, but will consider opportunities outside that sector. Substantially all of the efforts of the Company are devoted to these business activities and to date the Company has not earned significant revenues. Western Troy investigates mineral property and other business opportunities worldwide.

The shares of Western Troy trade on the NEX under the symbol WRY.H, with 11,545,238 common shares outstanding (2,727,576 as of November 30, 2019).

The Company has no revenues other than interest income earned on cash deposits, therefore its ability to ensure continuing operations is dependent on obtaining necessary financing.

Western Troy's goal is to create shareholder value through the acquisition and development of properties that have the potential to contain economic precious and base metal deposits, or by seeking beneficial business combinations.

## **OVERALL PERFORMANCE**

### **Corporate**

On December 3, 2019, the Company agreed to settle an aggregate of \$87,100 of indebtedness owed to certain arm's length and non-arm's length creditors through the issuance of 580,669 common shares of the Company at a price of \$0.15 per Common Share (Debt Settlement). All common shares issued in connection with the Debt Settlement are subject to a stationary hold period of four months and a day from the date of issuance in accordance with applicable securities laws.

On December 4, 2019, the Company entered into a binding Letter of Intent (LOI) with Churchill Diamond Corporation (Churchill), a private company which held two major diamond projects, outlining the proposed terms and conditions pursuant to which the Company and Churchill had agreed to merge their respective businesses resulting in a reverse takeover of the Company by Churchill.

On May 6, 2020, the Company's proposed reverse takeover transaction with Churchill was terminated in accordance with the provisions of the letter of intent dated December 4, 2019 between the Company and Churchill. As a result of unfavorable market conditions, Churchill was unable to complete the concurrent financing necessary to complete the Transaction.

On May 21, 2020, the Company revised the terms of its previously announced debt settlement with certain arm's length and non-arm's length creditors of the Company. Pursuant to the revised debt settlement terms, the Company settled an aggregate of \$72,650 through the issuance of 484,336 common shares at a price of \$0.15 per Common Share.

On June 1, 2020, the Company announced that it intended to complete a non-brokered private placement of units (each, a "Unit") at a price of \$0.045 per Unit for aggregate gross proceeds of up to \$500,000 (the "Offering"). Each Unit shall be comprised of one common share in the capital of the Company (each, a "Common Share") and one Common Share purchase warrant (each, a "Warrant"), each Warrant entitling the holder thereof to acquire on additional Common Share at price of \$0.15 for a period of twelve (12) months from the closing date of the Offering.

On June 5, 2020, the Company revised the terms of the previously announced Offering. Under the revised terms of the Offering, the Company announced that it intended to complete a non-brokered private placement of 25,000,000 units at a price of \$0.02 per Unit on a pre-consolidation basis for aggregate gross proceeds of up to \$500,000.

On June 17, 2020, the Company announced that further to its press release of June 5, 2020, the Company wished to amend the terms of its previously announced Offering. Under the revised terms of the Offering, the Company intended to complete a non-brokered private placement of up to 25,000,000 special warrants (the "Special Warrants") at a price of \$0.02 per Special Warrant on a pre-consolidation basis (the "Purchase Price") for gross proceeds of up to \$500,000.

On July 10, 2020 the Company closed its non-brokered private placement of 8,333,326 special warrants ("Special Warrants") for 6 cents per special warrant for gross proceeds of \$500,000. The Special Warrants were automatically exchanged for units upon approval of the share consolidation at the shareholders meeting, held on August 4, 2020, and final approval from the NEX which was granted on August 25, 2020. Each unit consisted of one common share and one warrant which is exercisable at 15 cents per share until July 3, 2021.

On August 25, 2020 the Company completed a share consolidation ("Consolidation") of all of the issued and outstanding common shares of the Company on the basis of one new post-Consolidation Common Share for every three existing pre-Consolidation Common Shares. The Consolidation was approved by a majority of the shareholders of the Company at the annual and special meeting of the shareholders of the Company held on August 4, 2020.

## **TRENDS AND ECONOMIC CONDITIONS**

There are significant uncertainties regarding the price of precious and base metals and the availability of equity financing for the purposes of exploration and development. The Company's future performance is largely tied to the development of its current mineral property interests and the overall financial markets. Financial markets are likely to be volatile, reflecting ongoing concerns about the stability of the global economy.

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions.

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global precious or base metal prices;
- Demand for precious or base metals and the ability to explore for precious or base metal;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Availability of government supplies, such as water and electricity;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding.

At the date of this MD&A, the Canadian federal government and the provincial government of Ontario have not introduced measures that have directly impeded the operational activities of the Company. Although cash in the Company has declined, management believes the business will continue and, accordingly, the current situation has not impacted management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

## **OFF-BALANCE-SHEET ARRANGEMENTS**

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

## **RESULTS OF OPERATIONS**

Three months ended August 31, 2020, compared with three months ended August 31, 2019

Western Troy's net loss and comprehensive loss totaled \$58,045 for the three months ended August 31, 2020, with basic and diluted loss per share of \$0.02. This compares with a net profit and comprehensive profit of \$10,923 with basic and diluted profit per share of \$0.00 for the three months ended August 31, 2019. The decrease of \$68,968 in net profit was principally because:

- General and administrative costs for the three months ended August 31, 2020 were \$57,125, compared to \$10,300 for the three months ended August 31, 2019. The decrease of \$46,825 was principally due an increase in shareholder relations fees of \$23,872, increase in professional fees of \$39,239, offset by a decrease in management and consulting fees of \$6,009, and a decrease in director fees of \$3,150.
- Other income for the three months ended August 31, 2020 was \$nil, compared \$20,291 for the three months ended August 31, 2019 as a result of the termination fee from Cultivation Technologies, Inc.

All other expenses related to general working capital purposes.

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Nine months ended August 31, 2020, compared with nine months ended August 31, 2019

Western Troy's net loss and comprehensive loss totaled \$135,292 for the nine months ended August 31, 2020, with basic and diluted loss per share of \$0.04. This compares with a net profit and comprehensive profit of \$48,300 with basic and diluted profit per share of \$0.02 for the nine months ended August 31, 2019. The decrease of \$183,592 in net profit was principally because:

- General and administrative costs for the nine months ended August 31, 2020 were \$135,370, compared to \$112,246 for the nine months ended August 31, 2019. The decrease of \$23,124 was principally due to a shareholder relations fees of \$(10,800), an increase in professional fees of \$51,654, offset by a decrease in management and consulting fees of \$18,323, and director fees of \$9,450.
- During the nine months ended August 31, 2020, the Company recorded a flow-through indemnification reversal of \$nil compared to \$138,533 for the nine months ended August 31, 2019, due to partial refund received from an investor.
- Other income for the three months ended August 31, 2020 was \$nil, compared \$20,291 for the three months ended August 31, 2019 as a result of the termination fee from Cultivation Technologies, Inc.

All other expenses related to general working capital purposes.

## **LIQUIDITY AND CAPITAL RESOURCES**

The activities of the Company, principally the acquisition and exploration of properties that have the potential to contain precious and base metals, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options.

The Company has no operating revenues and therefore must utilize its current cash reserves and other financing transactions to maintain its capacity to meet ongoing discretionary exploration and operating activities. The Company relies on external financings to generate capital. On August 31, 2020, the Company also had 133,333 options outstanding that would raise \$100,000, and 8,333,326 warrants outstanding that would raise \$1,250,000, if exercised in full. See "Trends" above. The Company has no debt and its credit and interest rate risk is minimal. Amounts payable and other liabilities are short term and non-interest bearing. In addition, amounts receivable consist of sales tax owing from government authorities in Canada and other amounts receivable from Cultivation Technologies Inc., due to the break-up fee payable upon termination of the letter of intent dated February 20, 2019.

At August 31, 2020, the Company had a cash balance of \$421,908. The increase in cash of \$421,557 from the November 30, 2019 cash balance of \$351 was a result of cash outflows in operating activities of \$69,891 and cash inflows from financing activities of \$491,448. Operating activities were affected by net loss of \$135,292, foreign exchange adjustments of \$65 and net change in the non-cash working capital balance of \$65,336, because of a decrease in amounts receivable and other assets of \$1,053, an increase in accounts payable and accrued liabilities of \$66,389. Financing activities cash inflows were due to cash from a private placement of \$500,000 which was offset by share issuance costs of \$8,552.

Currently and in future, the Company's use of cash has and will principally occur in two areas: funding of its general and administrative expenditures and funding of its investment activities. Funding investing activities includes the cash components of the cost of acquiring and exploring mineral claims. The Company's cash expenses are averaging less than \$10,000 per month for management and consulting fees, office, travel and general expenses, professional fees, accounting and corporate expenses, shareholder relations, listing fees, and other operating expenses.

## **PROPOSED TRANSACTIONS**

There are currently no active proposed transactions.

## **RELATED PARTY TRANSACTIONS**

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

- (i) During the three and nine months ended August 31, 2020, the Company expensed consulting fees of \$nil, (three and nine months ended August 31, 2019 - \$12,179 and \$24,947, respectively) to a corporation controlled by a director of the Company.
- (ii) During the three and nine months ended August 31, 2020, the Company expensed consulting fees of \$6,000 and \$18,000, respectively, (three and nine months ended August 31, 2019 - \$nil) to a corporation controlled by a Chief Executive Officer, Interim Chief Financial Officer, and director of the Company.
- (iii) During the three and nine months ended August 31, 2020, the Company expensed directors fees totaling \$nil, (three and nine months ended August 31, 2019 - \$3,150 and \$9,450, respectively) to directors and companies controlled by the directors of the Company.
- (iv) On December 2, 2019, the Company entered into debt settlement agreements with certain related parties to settle accounts payable of \$22,500 with 150,000 Common shares of the Company. These shares were issued and recorded on January 14, 2020.
- (v) Insiders of the Company subscribed to 599,998 special warrants for aggregate proceeds of \$36,000
- (vi) To the knowledge of the directors and executive officers of the Company, the common shares of the Company are widely held. As of August 31, 2020, directors and officers collectively control 882,132 common shares of the Company or approximately 7.64% of the total common shares outstanding. These holdings can change at any time at the discretion of the owner.

The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

- (a) Remuneration of directors and key management personnel (including the Chief Executive Officer (note (i) above), Chief Financial Officer and directors), other than consulting fees, of the Company was as follows:

	Salaries and benefits ( <sup>1</sup> )		Share based payments		Total	
	Three Months Ended		Three Months Ended		Three Months Ended	
	August 31, 2020 (\$)	August 31, 2019 (\$)	August 31, 2020 (\$)	August 31, 2019 (\$)	August 31, 2020 (\$)	August 31, 2019 (\$)
Rex E. Loesby, Director and former CEO	nil	11,884	nil	nil	nil	11,884
James Fairbairn, Director	nil	nil	nil	nil	nil	nil
Ed Milewski, Director	nil	nil	nil	nil	nil	nil
Stephen Dunn, Director, CEO and Interim CFO	6,000	800	nil	nil	6,000	800
Melvyn Williams, former Director and former Officer (CFO)	nil	1,550	nil	nil	nil	1,550
John Archibald, former Director	nil	800	nil	nil	nil	800
<b>Total</b>	<b>6,000</b>	<b>15,034</b>	<b>nil</b>	<b>nil</b>	<b>6,000</b>	<b>15,034</b>

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	Salaries and benefits (1)		Share based payments		Total	
	Nine Months Ended		Nine Months Ended		Nine Months Ended	
	August 31, 2020 (\$)	August 31, 2019 (\$)	August 31, 2020 (\$)	August 31, 2019 (\$)	May 31, 2020 (\$)	August 31, 2019 (\$)
Rex E. Loesby, Director and former CEO	nil	36,831	nil	nil	nil	36,831
James Fairbairn, Director	nil	nil	nil	nil	nil	nil
Ed Milewski, Director	nil	nil	nil	nil	nil	nil
Stephen Dunn, Director, CEO and Interim CFO	18,000	2,400	nil	nil	18,000	2,400
Melvyn Williams, former Director and former Officer (CFO)	nil	4,650	nil	nil	nil	4,650
John Archibald, former Director	nil	2,400	nil	nil	nil	2,400
<b>Total</b>	<b>18,000</b>	<b>46,281</b>	<b>nil</b>	<b>nil</b>	<b>18,000</b>	<b>46,281</b>

(1) Salaries and benefits include director fees. Directors are entitled to director fees and stock options for their services and officers are entitled to stock options for their services.

As of August 31, 2020, there is an amount owing of \$6,000 (November 30, 2019 - \$3,150) by the Company to its directors and key management personnel (including the balance owing to the former Chief Executive Officer's corporation in note (i) above) and it has been included in amounts payable and other liabilities. The amount is unsecured, non-interest bearing with no fixed terms of repayment.

## **ACCOUNTING PRONOUNCEMENTS**

### New accounting standards and interpretations adopted

The Company adopted the following amendment to accounting standards, effective December 1, 2019. This change was made in accordance with the applicable transitional provision.

#### *IFRS 16 - Leases ("IFRS 16")*

##### Lease and right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. The application of the new standard has no impact on the unaudited condensed interim consolidated financial statements.

#### *IFRIC Interpretation 23 Uncertainty over Income Tax Treatments*

The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation became applicable for annual periods beginning on or after January 1, 2019. At December 1, 2019, the Company adopted this standard and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

#### Future accounting pronouncements

##### *IFRS 3, Business Combinations ("IFRS 3")*

Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020.

##### *IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")*

Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively.

## **RISKS AND UNCERTAINTIES**

An investment in the securities of the Company is highly speculative, involving numerous and significant risks, and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Please refer to the section entitled "Risks and Uncertainties" in the Company's MD&A for the fiscal year ended November 30, 2019, available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **DISCLOSURE OF INTERNAL CONTROLS**

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements, and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **COMMITMENTS AND CONTINGENCIES**

### **Flow-through and other tax matters**

During 2015, the Company received the results of an audit by the Canada Revenue Agency ("CRA") related to its 2011 flow-through forms filed. The reassessment resulted in certain expenditures being denied by the CRA and a liability of Part XII.6 tax and interest. During the year ended November 30, 2019, CRA and the Company settled the balance of \$48,130 in full.

In addition, as a consequence of the denied expenditures, the Company reimbursed certain investors for income taxes owing as a result of the reduced tax deduction by the investors. On July 5, 2017, the Company paid \$300,000 to an investor so that the investor could pay his potential lost tax benefit to CRA. Due to the settlement with CRA, the Company received a refund of \$nil (three and six months ended August 31, 2019 - \$nil and \$138,533, respectively) from the investor during the three and nine months ended August 31, 2020.

## **SUBSEQUENT EVENTS**

No significant transactions.

## **CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

This MD&A contains forward-looking information within Canadian securities laws (collectively "forward looking statements") concerning the anticipated developments in the Company's operations in future periods, its planned exploration activities, the adequacy of its financial resources and other events or conditions that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning mineral reserve and resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed. Any statements that express or involve predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential" or variations thereof, or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

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Forward-looking statements	Assumptions	Risk factors
The Company's ability to meet its working capital needs at the current level for the twelve-month period ending August 31, 2021 (as described under the heading "Financial Highlights")	The operating and exploration activities of the Company for the twelve months ending August 31, 2021, and the costs associated therewith, will be consistent with Western Troy's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Western Troy	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; interest rate and exchange rate fluctuations; changes in economic conditions which may in result a lack of financing due to the consequences of the COVID-19 pandemic.
The Company expects to complete a Qualifying Transaction (defined below)	The Company expects to identify an asset or business to acquire and close a Qualifying Transaction, on terms favourable to the Company	The Company's inability to find a target, the inability to satisfy all of the conditions precedent (due diligence, shareholder and regulatory approval, financing) to complete a Qualifying Transaction, resulting in the Company remaining as a reporting issuer only.