

BTU CAPITAL CORP.

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended

April 30, 2017

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of BTU Capital Corp (the "Company") as at April 30, 2017 and related notes thereto.

This MD&A should be read in conjunction with the audited financial statements for the year ended April 30, 2017 and supporting notes. These financial statements have been prepared using accounting policies consistent with IFRS.

All monetary amounts are in Canadian dollars unless otherwise specified. The effective date of this MD&A is August 28, 2017. Additional information regarding the Company is available on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

This MD&A together with the Company's financial statements for the year ended April 30, 2017 contain certain statements that may be deemed "forward-looking statements". Forward-looking statements in this document are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "continue", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Inherent in forward-looking statements involve known and unknown risks, and factors may include, but are not limited to: unavailability of financing, changes in government regulation, general economic condition, general business conditions, limited time being devoted to business by directors, escalating professional fees, escalating transaction costs, competition, fluctuation in foreign exchange rates, competition, stock market volatility, unanticipated operating events and liabilities inherent in industry. Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

DESCRIPTION OF BUSINESS

BTU Capital Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on August 28, 2008. The Company is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities. The Company is listed on the TSX Venture Exchange, having the symbol BTU.P. The Company is currently suspended.

OVERALL PERFORMANCE

The Company is a Capital Pool Company (“CPC”) as defined by Policy 2.4 of the TSX Venture Exchange (the “Exchange”) which is in the process of investigating and analyzing a Qualifying Transaction. The Company has commenced the process of identification and evaluation of businesses and assets with a view to complete a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a non-arm’s length Qualifying Transaction is also subject to majority of the minority approval in accordance with the CPC policy. The Company has not conducted any commercial operations other than to enter into discussions for the purpose of identifying potential acquisitions or interest. The Company is not specifically considering pursuing a company, asset or business in any specific business or industry sector, or in any particular geographical area, and the Company has reviewed and anticipates it will continue to review companies, assets and businesses in broad range of industry sectors and geographical areas. Until completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of business or assets with a view to complete a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. The funds raised pursuant to the Company’s initial public offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

Proposed Transaction – Nakina Resources Inc.

On August 16, 2013, the Company entered into an agreement (the “Agreement”) with Nakina Resources Inc. (“Optionor”), whereby the Company was granted the option (the “Option”) to acquire up to an 80% interest in mineral claims comprising a property for exploration of gold mineralization known as the Tatsamenie property (the “Property”), located within the Atlin Mining District of British Columbia, Canada.

The transaction was intended to constitute the Company’s Qualifying Transaction (“QT”) under Policy 2.4 of the Exchange for capital pool companies.

Subsequent to the year ended April 30, 2015, the qualifying transaction with Nakina Resources Inc. was cancelled. Accordingly, the Company has written off the option payment for the year ended April 30, 2015.

Proposed Transaction – Shakespeare Property

On February 20, 2017, the Company announced that it has been granted an option to acquire an undivided 100% interest in the "Shakespeare Property" located approximately three kilometers northeast of Webbwood, Ontario. The project includes the Shakespeare Gold Mine which had operated intermittently since 1905.

The Company intends the transaction to constitute a qualifying transaction ("QT") under TSX Venture Exchange Policy 2.4 "Capital Pool Companies".

About the Shakespeare Property

The Shakespeare Property consists of 9 contiguous mining claims covering roughly 528 hectares, and is located in the Baldwin and Shakespeare Townships, Sudbury Mining Division, Ontario. The Shakespeare Gold Mine is situated in northeast-trending folded ~2.4 billion-year old Huronian Supergroup, intruded by the ~2.21 billion-year old Nipising diabase dikes and sills, and the ~1.1 billion-year old northwest-trending Keweenawan diabase dikes. The Murray Fault is a regional structure that strikes ENE and passes 300 meters north of the mine. The

mineralized zone is broadly concordant with the schistose Matinenda Formation, consisting of quartzite and greywacke that also trends ENE and dips steeply to the south. Historic sampling in the mine area reported 1.12-1.85 ounces per ton over an average width of one meter (see Ontario Geological Survey Mineral Deposits Circular 18, 1979, part 2, 294p.). The Shakespeare Property claim package was assembled to enclose the ENE-trending Matinenda Formation that hosts mineralization, including the down-dip projection of the ore zone at the Shakespeare Mine.

The historical information above predate and do not refer to any category of sections 1.2 or 1.3 of National Instrument 43-101 ("NI 43-101"), such as "mineral resources or "mineral reserves". The Company has not undertaken any independent verification of these estimates and it is uncertain if further exploration will result in the target being delineated as a "mineral resource" within the meaning of NI 43-101. However, the Company believes that the historical information provides a conceptual indication of the potential of the project.

Additionally, a NI 43-101 technical report dated December 5, 2016 regarding the Shakespeare Property has been prepared on behalf of the Company by Elizabeth Ronacher, PhD, P.Geo., and Jenna McKenzie, P.Geo. of Ronacher McKenzie Geoscience. The report authors have recommended an exploration program of \$200,000, comprised of data compilation, integration and targeting, an IP survey and reconnaissance drilling. Both report authors are independent qualified persons within the meaning of NI 43-101. A copy of the technical report will be made available under the Company's SEDAR profile online at www.sedar.com.

Elisabeth Ronacher, Ph.D., P.Geo. and Jenna McKenzie, P. Geo., are each an independent "qualified person" within the meaning of NI 43-101 and has reviewed and approved the contents of this news release.

Terms of Option Agreement

Under the terms of the option agreement, BTU will be required to make the following payments and incur the follow exploration expenditures to earn a 100% interest in the Shakespeare Property:

- issue an aggregate total of 1.8 million common shares over a period of 12 months, with 50% of such shares to be issued within 5 days of BTU receiving all necessary approvals with respect to the QT (including but not limited to the approval of the TSXV), and the remaining 50% of such shares to be issued on the 12 month anniversary of the QT; and
- incur an aggregate total of \$400,000 in exploration expenditures in or on the Shakespeare Property, with 50% of such expenditures to be incurred by the 12 month anniversary of the QT, and the remaining 50% of such expenditures to be incurred by the 24 month anniversary of the QT.

During the term of the Option Agreement, BTU will be responsible for the annual claim maintenance fees. BTU has also granted the optionors' a 2% net smelters return royalty on the Shakespeare property. At the option of BTU, BTU may purchase one-half of the royalty for \$1-million.

The optionors include the following individuals: Steven Anderson (Timmins, ON); Don McHoldings Ltd., a private company in which Don McKinnon (Connaught, ON) is the principal; 2554022 Ontario Ltd., a private company in which Amanda Salo (Timmons, ON) is the principal; and Kidridge Capital Inc., a private company in which Leigh Parnham (Burlington, ON) is the principal. Each of the optionors is at arm's length to BTU.

The completion of the QT is subject to BTU receiving board approval (which has been obtained), approval from the TSXV, and to BTU completing a concurrent private placement financing as may be necessary for BTU to meet the TSXV's minimum listing criteria as a Tier 2 mining issuer.

Completion of the QT is subject to a number of conditions, including but not limited to, TSXV acceptance and if applicable pursuant to TSXV requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the QT will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the QT may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

Concurrent Private Placement Financing

In conjunction with closing the transaction, BTU will offer, by way of a non-brokered private placement financing, up to 12 million units (each a "Unit") at a price of five cents per Unit, for gross proceeds of up to \$600,000.

Each Unit will comprise one common share of BTU and one half of a share purchase warrant, with each full warrant entitling the holder to purchase one additional common share of BTU at a price of ten cents per share for a period of one year from the date of issue.

BTU will also offer up to 2 million "flow through" common shares (the "FT Shares") at a price of ten cents per FT Share, for gross proceeds of up to \$200,000.

The proceeds of the offering (assuming it is fully subscribed) will be used as follows:

	Estimated Cost (\$)
To fund remaining costs to complete the QT	50,000
To repay indebtedness owing to an arm's length party	35,000
To fund exploration programs on the Shakespeare Property	200,000
General and administrative expenses over the next 12 months	150,000
Working capital to fund ongoing operations	365,000
TOTAL	800,000

The Resulting Issuer

Upon completion of the QT, it is anticipated that BTU will be a Tier 2 mining issuer, and its current board of directors and management will continue to serve BTU.

LOAN PAYABLE

	April 30, 2017 \$	April 30, 2016 \$
Due to Shareholder of the Company (a)	-	99,137
Due to Sunorca Development Corp. (b)	-	46,299
Due to Ridge Resources Ltd. (c)	35,000	33,072
	<u>35,000</u>	<u>178,508</u>

-
- a) The amount due to a shareholder of the Company is unsecured, subject to an interest of 20% per annum, and has no specific terms of repayment. During the year ended April 30, 2017, the Company accrued interest expense of \$10,787 (2016 - \$12,918) on the loan. As at November 9, 2016, such amount owing was approximately \$109,924. This indebtedness has now been assigned to Phil Taneda, a director of the Company, who has agreed to reduce such indebtedness to \$75,537 with no further interest being charged, resulting in a write off of \$34,387. The repayment period of such indebtedness has also been extended to that date which is 13 months from the Completion of the Qualifying Transaction.
- b) On August 21, 2013, the Company received a \$35,000 loan from Sunorca Development Corp (“Sunorca”). The loan bears an interest of 12% per annum and is repayable by December 31, 2014. The Company accrued interest expense of \$2,278 (2016 - \$3,165) for the year ended April 30, 2017. For the year ended April 30, 2014, the Company recorded an additional interest expense of \$7,000 for the issuance of 70,000 common shares of the Company to Sunorca at a deemed price of \$0.10 per common share as a bonus interest payment on August 21, 2013. Sunorca and Nakina Resources Inc. (Note 6) have a common officer and director. As at November 14, 2016, the Company's indebtedness to Sunorca was approximately \$48,578. Sunorca has agreed to assign the debt to England Communications Ltd., a company controlled by Michael England, a director of the Company, who has agreed to adjust the indebtedness to \$43,400 with no further interest being charged resulting in a write off of \$5,178. The repayment period of such indebtedness has also been extended to that date which is 13 months from the Completion of the Qualifying Transaction
- c) On August 21, 2013, the Company received a \$25,000 loan from Ridge Resources Ltd. (“Ridge”). The loan bears an interest of 12% per annum and is repayable by December 31, 2014. The Company accrued interest expense of \$1,929 (2016 - \$2,259) for the year ended April 30, 2017. For the year ended April 30, 2014, the Company recorded an additional interest expense of \$5,000 for the issuance of 50,000 common shares of the Company to Ridge at a deemed price of \$0.10 per common share as a bonus interest payment on August 21, 2013. As at April 30, 2016 the indebtedness owing to Ridge was approximately \$35,000. Ridge is an arm's length private company. Ridge has agreed to settle all indebtedness for an amount of \$35,000.

On June 26, 2015 the Company received a court order to repay Ridge the sum of the \$25,000 principal and contractual interest at 12% per annum, which amounted to \$5,474 at that date.

RESULTS OF OPERATIONS

During the year ended April 30, 2017, the Company reported a loss of \$121,124 (2016 - \$37,911). The Company's loss per share was \$0.05 (2016 - \$0.01). The loss for the year ended April 30, 2017 was mainly due to the following:

- Consulting fees of \$12,528 (2016 - \$Nil) were incurred in relation to consulting services during the current year.
- Interest expense of \$14,994 (2016 - \$24,827) was accrued from three cash advances from unrelated parties. The loans bear interest of 12% to 20% per annum, two loans are repayable by December 31, 2014. One loan has no specified terms of repayment. During the year ended April 30, 2017 the Company negotiated with the lenders and settled the loans resulting in the write off of \$39,565 of accrued interest.
- Professional fees of \$85,429 (2016 - \$5,000) were incurred in relation to legal, audit and accounting services during the current year.
- Transfer agent and filing fees of \$47,380 (2016-\$8,029) mostly associated with the late filing of the Company's financial statements and transfer agent fees of the Company.

SUMMARY OF QUARTERLY REPORTS

Results for the most recent quarters ending with the last quarter for the year ended April 30, 2017:

	Three Months Ended			
	April 30, 2017 \$	January 31, 2017 \$	October 31, 2016 \$	July 31, 2016 \$
Interest income	Nil	Nil	Nil	Nil
Net loss	(46,327)	(58,497)	(8,312)	(7,988)
Basic and diluted per shares	(0.02)	(0.02)	(0.00)	(0.00)

	Three Months Ended			
	April 30, 2016 \$	January 31, 2016 \$	October 31, 2015 \$	July 31, 2015 \$
Interest income	Nil	Nil	Nil	Nil
Net loss	(13,526)	(8,475)	(7,955)	(7,955)
Basic and diluted per shares	(0.01)	(0.00)	(0.00)	(0.00)

Over the last eight quarters, the Company has been engaged in the identification and evaluation of business for the purposes of completing a Qualifying Transaction. Expenses are limited to accounting, office, consulting and professional fees in the context of maintaining the listing, associated reporting requirements and evaluation of potential property acquisition for a Qualifying Transaction.

FOURTH QUARTER RESULTS

No significant items or events occurred in the fourth quarter of fiscal 2017 that would affect the Company's financial position, cash flows or results of operations. During the fourth quarter, the Company reported a loss of \$46,217 compared to a loss of \$13,526 in 2016 related to expenses for the quarters.

SELECTED ANNUAL INFORMATION

The following financial data, which has been prepared in accordance with Canadian generally accepted accounting principles is derived from the Company's audited financial statements for the year ended April 30, 2017, 2016, and 2015.

	2017 \$	2016 \$	2015 \$
Financial Results			
Interest income	Nil	Nil	Nil
Net loss for the year	(121,124)	(37,911)	(67,997)
Basic and diluted loss per share	(0.05)	(0.01)	(0.03)
Total Assets	17,930	-	17

RELATED PARTY TRANSACTIONS

As at April 30, 2017, there was a balance due to a former director of the Company in the amount of \$4,559 (2016 – \$4,559) for expenses incurred on behalf of the Company. The balance has been classified as accounts payable for the year ended April 30, 2016 and for the year ended April 30, 2017 as he is no longer a director of the Company.

During the year ended April 30, 2017 England Communications Ltd a company controlled by Michael England, a director of the Company made certain payments on behalf of the Company in the amount of \$11,927.

- By agreement dated February 24, 2016 England Communications Ltd, acquired by assignment the loan payable to Fang Law Corporation in the amount of \$16,629 and the Company will have 13 months from the Completion of the Qualifying Transaction to repay such indebtedness. This amount has been reclassified as a long term debt.
- By agreement dated November 9, 2016 England Communications Ltd, acquired by assignment the loan payable to Phil Taneda in the amount of \$30,215 and the Company will have 13 months from the Completion of the Qualifying Transaction to repay such indebtedness. This amount has been reclassified as a long term debt.
- By agreement dated November 14, 2016 England Communications Ltd, acquired by assignment the loan payable to Sunorca Development Corp in the amount of \$43,400 and the Company will have 13 months from the Completion of the Qualifying Transaction to repay such indebtedness. This amount has been reclassified as a long term debt.
- As at April 30, 2017, a total of \$204,171 (2016 - \$Nil) is owing to England Communications Ltd.

By agreement dated Nov 1, 2016 Michael J. England acquired by assignment a debt from a creditor of the Company in the amount of \$34,545. The Company will have 13 months from the Completion of the Qualifying Transaction to repay such indebtedness. This amount has been reclassified as a long term debt.

By agreement dated November 9, 2016, Phil Taneda a director of the Company acquired by assignment a loan that had been made to the Company by a shareholder. The amount of the indebtedness is \$45,322 and the repayment period of such indebtedness has also been extended to that date which is 13 months from the Completion of the Qualifying Transaction. This amount has been reclassified as a long term debt

The above balances due are non-interest bearing, unsecured, and have no specified terms of repayment.

LIQUIDITY AND CAPITAL RESOURCES

The Company proposes to identify and evaluate businesses and assets with a view of completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a non-arm's length Qualifying Transaction is also subject to majority of the minority approval in accordance with the CPC Policy. The Company has not conducted commercial operations. The Company currently intends to pursue a Qualifying Transaction in the mining business sectors but there is no assurance that this will, in fact, be the business sector of a proposed Qualifying Transaction or of the Company following completion of the Qualifying Transaction.

In accordance with the CPC Policy, except where the Resulting Company will be an oil and gas Company or a mining Company, the significant assets must be located in Canada or the United States.

Until completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view of completing a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. The funds raised pursuant to this offering and any subsequent financing will be utilized for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition, except as authorized by the Policies of the Exchange and the applicable securities regulations.

	<u>April 30, 2017</u>	<u>April 30, 2016</u>
Deficit	\$ 1,226,596	\$ 1,105,472
Working deficit	129,843	408,756

ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE

A number of new accounting standards, amendments to standards, and interpretations have been issued but not yet effective as of April 30, 2017. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded herein.

IFRS 9, Financial Instruments

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of International Accounting Standards (“IAS”) 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard was initially effective for annual period beginning on or after January 1, 2013, but amendments issued in December 2011 have moved the mandatory effective date to January 1, 2015. The Company is assessing the impact of this new standard but does not expect it to have a significant effect on the financial statements.

IAS 7, Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)

These amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. These amendments are effective for reporting periods beginning on or after January 1, 2017.

IFRS 16, Leases

On January 13, 2016, the IASB published a new standard, IFRS 16, Leases. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Under the new standard, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The liability accrues interest. This will typically produce a front-loaded expense profile (whereas operating leases under IAS 17 would typically have had straight-line expenses). The standard is effective for annual periods beginning after December 15, 2019 (i.e., calendar periods beginning on January 1, 2020), and interim periods thereafter. Early adoption is permitted.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The details of BTU Capital Corp. accounting policies are presented in Note 3 of the financial statements ended April 30, 2017. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.

MANAGEMENT FINANCIAL RISKS

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 3(h) of the financial statement. The Company's risk management is coordinated in close co-operation with the board of directors and focuses on actively securing the Company's short to medium term cash flows and raising finances for the Company's capital expenditure program. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

a) Fair Values

The Company uses the following hierarchy for determining fair value measurements:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

	Financial assets at fair value			April 30, 2017
	Level 1	Level 2	Level 3	
Held-for-trading financial asset				
Cash	\$ 17,930	-	-	\$ 17,930
Total financial assets at fair value	\$ 17,930	-	-	\$ 17,930

The fair values of the Company's cash, amounts receivable, and accounts payable and accrued liabilities approximate their carrying values due to their short term nature. The carrying amounts of the amount due to related party and loans payable are measured at amortized cost and approximate their fair values.

b) Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Company is not exposed to significant credit risk.

c) 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 is dependent upon the availability of credit from its suppliers and its ability to generate sufficient funds from equity and debt financing to meet current and future obligations. The Company has a working capital deficiency of \$129,843 as at April 30, 2017. There can be no assurance that such financing will be available on terms acceptable to the Company.

d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. Interest on the Company's loans payable is based on fixed rates, and as such the Company is not exposed to significant interest rate risk.

e) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in US Dollars. The Company does not hedge its exposure to fluctuations in the related foreign exchange rates. The Company's exposure to currency risk is currently considered insignificant.

Equity Price Risk

The Company is exposed to price risk with respect to 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. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

CAPITAL MANAGEMENT

The Company manages its share capital as capital, which as at April 30, 2017 was \$523,425 (April 30, 2016 – \$523,425). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of operating results, changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, warrants or options, issue new debt, acquire or dispose of assets, or adjust the amount of cash and cash equivalents.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in liquid short-term interest bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company's share capital is not subject to external restrictions. There were no changes in the Company's

approach to capital management during the year ended April 30, 2017.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCING 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 unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. 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.

OUTSTANDING SHARES

As at August 28, 2017, the Company had the following securities issued and outstanding:

	<u>Number</u>
Common shares	17,953,334
Stock Options	1,700,000
Warrants	6,000,000

RISKS AND UNCERTAINTIES

The Company is a Capital Pool Company under the policies of the TSX Venture Exchange Inc. If the Company fails to complete a Qualifying Transaction, the TSX Venture Exchange Inc. could suspend or delist the common shares of the Company. An interim cease trade order may be issued against the Company's securities by an applicable securities commission if the common shares of the Company are suspended from trading on or delisted from the TSX Venture Exchange Inc.

The completion of the Qualifying Transaction described above, is subject to a number of conditions, including satisfactory completion of due diligence, receipt of regulatory approvals, and completion of the concurrent private placement. There can be no assurance that the Qualifying Transaction will be completed as proposed or at all.

OTHER REQUIREMENTS

Additional disclosure of the Company's technical reports, material change reports, news release and other information can be obtained on SEDAR at www.sedar.com.