

**GREATBANKS RESOURCES LTD.**

**REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS  
OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS**

**FOR THE YEAR ENDED JULY 31, 2018**

Dated: November 28, 2018

# GREATBANKS RESOURCES LTD.

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## MANAGEMENT DISCUSSION AND ANALYSIS

### TO OUR SHAREHOLDERS:

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the financial statements of Greatbanks Resources Ltd. ("Greatbanks" or the "Company") and the notes thereto for the year ended July 31, 2018. Consequently, the following discussion and analysis of the financial condition and results of operations for the Company should be read in conjunction with the audited financial statements for the year ended July 31, 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), consistently applied.

Discussion of the Company, its operations and associated risks is further described in the Company's filings, available for viewing at [www.sedar.com](http://www.sedar.com). A copy of this MD&A will be provided to any applicant upon request.

#### Forward-looking statements

Certain statements contained in the following MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth in the Company's filings and herein.

The table below sets forth the significant forward-looking information included in this MD&A:

Forward-Looking Information	Key Assumptions	Most Relevant Risk Factors
Future funding for ongoing operations	The Company will be able to raise these funds.	Failure to raise these funds will materially impact the Company's ability to continue as a going concern.

#### General

The Company was incorporated in the Province of British Columbia on December 20, 1996. The Company's Registered and Records Office is at Suite 41st Floor – 66 Wellington Street West, Toronto, Ontario, Canada.

#### Highlights, significant events and transactions

There were no highlights, significant events and transactions during the year ended July 31, 2018.

#### Events subsequent to July 31, 2018

On August 2, 2018, the Company have re-elected D Lindsay Wu, Sergei Stetsenko and Andri Stytsenko to the board of directors. Also, Sergei Stetsenko was appointed as chief executive officer of the Company and Anthony Jackson was reappointed as chief financial officer.

Subsequent to the year ended July 31, 2018, the Company cancelled 250,000 options that previously belonged to a former director. Also, a total of 17,224,468 warrants expired unexercised.

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As of November 30, 2018, D Lindsay Wu will resign as a Director of the Company.

#### **Windy Property**

In June 2016, the Company completed the acquisition of a mineral property, the Windy Claims which comprise 1,319.08 hectares and is located in the Cassiar District of the Province of British Columbia. Based on the Company's review of historical data and technical analysis, the Company has concluded that the Windy Claims were worthy of further exploratory work, and recently completed a National Instrument 43-101 compliant technical report.

The Company issued 2,000,000 shares at a fair value of \$0.03 per share for a total of \$60,000. The vendors of the property retain a 2% net smelter royalty.

The claim is located approximately 15 km north of the old town site of Cassiar, British Columbia. The claim lies northwest of the historical Cassiar Asbestos Mine. Access to the claim group is via an all-weather paved road from Highway 37 west to the old town site of Cassiar B.C.

The property is an early stage exploration. It is the opinion of the author that the favorable geological setting and results of the work done to date by previous parties show that the Windy Property has the potential to host economic mineralization.

The suggested work program includes compilation of all the historical geological, geophysical and geochemical data available for the Windy Property, and rendering this data into a digital database in GIS formats for further interpretation. This work will include geo referencing historical survey grids, samples, trenches, geophysical survey locations, and detailed property geological maps.

The fieldwork component will include geophysical surveying, geological mapping, and trenching and sampling as warranted. The intent of this work would be to re-define the relationship of known skarn and investigate any of soil geochemical anomalies with the underlying and exposed bedrock mineralization. A 20-line kilometer geophysics magnetometer over the known mineralization. The expected cost of the program is \$85,165.

During the years ended July 31, 2018 and 2017, the Company assessed the impairment indicators under IFRS 6 pursuant to our policies and impaired the property to \$Nil. Reasons for the impairment are that there was a temporary lapse in title registration and the Company has not yet committed sufficient financial resources to the Windy property.

#### **CHANGE IN MANAGEMENT**

On March 15, 2018, the Company appointed Anthony Jackson as chief financial officer of the Company.

On April 30, 2018, the Company appointed Andri Stytsenko to the board of directors. The Company also announced the resignation of Allan Williams as the Company's president and from the board of directors.

On May 2, 2018, the Company announced the resignation of Ronnie Doman as the Company's corporate secretary and from the board of directors immediately.

On July 12, 2018, the Company announced the resignation of Stephen Fabian as the Company's president and from the board of directors immediately.

On August 2, 2018, the Company has appointed Sergei Stetsenko as the chief executive officer of the Company and

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Anthony Jackson was reappointed as chief financial officer. On the same day, the Company have re-elected Lindsay Wu, Sergei Stetsenko and Andri Stytsenko to the board of directors.

#### Selected Annual Information

<b>Fiscal Year Ended (Rounded)</b>	<b>July 2018</b>	<b>July 2017</b>	<b>July 2016</b>
	\$	\$	\$
Exploration and evaluation – acquisition costs	-	-	67,000
Exploration and evaluation – expense	<b>10,000</b>	5,000	25,000
Exploration and evaluation – write-down	<b>(10,000)</b>	(97,000)	-
Administrative expenditures, net	<b>872,000</b>	676,000	469,000
Stock-based compensation	-	87,000	-
Comprehensive loss	<b>856,000</b>	883,000	450,000
Loss per share	<b>0.01</b>	0.02	0.03
Total assets	<b>130,000</b>	865,000	420,000

The decreased loss for the year ended July 31, 2018 is due to the decrease in stock-based compensation, travel and promotion, investor relations, lithium project costs, and write-down of mineral property offset by the increase in size of the management team that has been put in place to review transactions and resulting in additional management fees and also higher professional fees associated with increase in legal services provided to the Company.

The increased loss for the year ended July 31, 2017 is due to a number of factors including the write down on mineral property; costs incurred in relation to the lithium project and, stock based compensation and investors relations costs.

Losses were higher in 2018 and 2017 as a result of new management teams commencing efforts to revitalize the Company resulting in higher management fees and travel related costs with the Company's search for new projects, and also regulatory fees associated with the Company's financings. The Company expended \$61,000 on investigating a lithium project that it did not pursue.

#### Results of operations

The comprehensive loss for the fiscal year ended July 31, 2018 was \$880,104 which compares to a comprehensive loss of \$882,745 during the fiscal year ended July 31, 2017 and the comprehensive loss for the three months ended July 31, 2018 was \$209,703 which compares to a comprehensive loss of \$145,938 during the same period in 2017. The main fluctuations in costs are as follows:

	<b>Twelve Months 2018</b>	<b>Twelve Months 2017</b>	<b>Three Months 2018</b>	<b>Three Months 2017</b>
<b>Management fees (Rounded)</b>	\$ <b>767,000</b>	\$ 406,000	\$ <b>194,000</b>	\$ 43,000
Variiances – increase	\$ <b>361,000</b>		\$ <b>151,000</b>	

The increase in management fees is due to the result of additions to the management team.

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	Twelve Months 2018	Twelve Months 2017	Three Months 2018	Three Months 2017
<b>Professional fees (recovery) (Rounded)</b>	\$ 56,000	\$ 33,000	\$ (7,000)	\$ (21,000)
Variiances – increase	\$ 23,000		\$ 14,000	

The increase in professional fees is a result of higher legal fees compared to the previous fiscal year.

	Twelve Months 2018	Twelve Months 2017	Three Months 2018	Three Months 2017
<b>Transfer agent and filing fees (Rounded)</b>	\$ 25,000	\$ 49,000	\$ 3,000	\$ 13,000
Variiances – decrease	\$ (24,000)		\$ (10,000)	

The decrease in transfer agent and filing fees is due to lower regulatory fees associated with the Company's financings and filing in 2018 and the addition of new management.

	Twelve Months 2018	Twelve Months 2017	Three Months 2018	Three Months 2017
<b>Travel and promotion (Rounded)</b>	\$ 3,000	\$ 102,000	\$ -	\$ 16,000
Variiances – decrease	\$ (99,000)		\$ (16,000)	

The decrease in travel costs is associated with less activities of the Company in searching for new international projects.

	Twelve Months 2018	Twelve Months 2017	Three Months 2018	Three Months 2017
<b>Stock-based compensation</b>	\$ -	\$ 87,000	\$ -	\$ -
Variiances – decrease	\$ (87,000)		\$ -	

The decrease is due to no stock options were granted by the Company during the year.

#### Summary of quarterly results

The following table sets out selected unaudited quarterly financial information of the Company and is derived from the unaudited interim financial statements prepared by management. The Company's interim financial statements are prepared in accordance with Canadian generally accepted accounting principles and are expressed in Canadian dollars.

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#### Financial data for last eight quarters

Three months ended	Jul-18	Apr-18	Jan-18	Oct-17
	\$	\$	\$	\$
Total revenues	-	-	-	-
Loss and comprehensive loss	209,703	257,747	236,271	176,383
Loss per share	0.00	0.00	0.00	0.00

Three months ended	Jul-17	Apr-17	Jan-17	Oct-16
	\$	\$	\$	\$
Total revenues	-	-	-	-
Loss and comprehensive loss	145,938	304,660	278,299	153,848
Loss per share	0.00	0.01	0.01	0.06

#### Fiscal 2018

During the fourth quarter of fiscal 2018, the Company recorded a loss of \$209,703 compared to a loss of \$257,747 in the third quarter of fiscal 2018. The change is mainly due to lower management fees incurred during the fourth quarter.

During the third quarter of fiscal 2018, the Company recorded a loss of \$257,747 compared to a loss of \$236,271 in the second quarter of fiscal 2018. The change is mainly due to higher management fees incurred during the third quarter.

During the second quarter of fiscal 2018, the Company recorded a loss of \$236,271 compared to a loss of \$176,383 in the first quarter of fiscal 2018. The change is mainly due to higher management, professional, and transfer agent and filing fees incurred during the second quarter.

During the first quarter of fiscal 2018, the Company recorded a loss of \$176,383 compared to a loss of \$145,938 in the fourth quarter of fiscal 2017. The change is mainly due to higher management fees incurred during the first quarter.

#### Fiscal 2017

During the fourth quarter of fiscal 2017, the Company recorded a loss of \$145,938 compared to a loss of \$304,660 in the third quarter of fiscal 2017. The change is mainly due to higher gain on sale of marketable securities incurred during the fourth quarter.

During the third quarter of fiscal 2017, the Company recorded a loss of \$304,660 compared to \$278,299 in the second quarter of fiscal 2017. The change is mainly due to higher lithium project costs incurred during the third quarter.

During the second quarter of fiscal 2017, the Company recorded a loss of \$278,299 compared to a loss of \$153,848 in the first quarter of fiscal 2017. The change is mainly due to higher business developments costs and stock-based compensation incurred during the second quarter.

During the first quarter of fiscal 2017, the Company recorded a loss of \$153,848 compared to a loss of \$115,272 in the fourth quarter of fiscal 2016. The change is mainly due to higher management fees incurred during the first quarter.

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#### Outstanding shares

As at July 31, 2018 and as at the date of this MD&A, the Company had 63,353,650 shares outstanding. As at July 31, 2018, the Company had 350,000 stock options outstanding and 100,000 stock options as at the date of the MD&A. As at July 31, 2018, the Company had 49,137,905 share purchase warrants outstanding and 31,913,437 share purchase warrants outstanding as at the date of this MD&A. As at July 31, 2018, the Company had a total of 112,841,555 fully diluted shares and 95,367,087 fully diluted shares as at the date of this MD&A.

#### Liquidity and capital resources

The Company's working capital deficit at July 31, 2018 was \$294,895, compared with \$585,209 working capital at July 31, 2017.

Cash used in operating activities during the year ended July 31, 2018 totaled \$740,211 (2017 - \$1,055,670), which was attributed to the loss during the year of \$880,104 (2017 - \$882,745) and the changes in the non-cash working capital items.

Cash used in investing activities during the year ended July 31, 2018 totaled \$10,059 (2017 - provided by investing activities of \$59,514), which was primarily related to the expenditures incurred for the Windy Claims mineral property.

Cash generated in financing activities during the year ended July 31, 2018 totaled \$Nil (2017 - \$1,562,756), which was due to no financing received during the year.

The Company has no recent history of profitable operations. Therefore, it is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of adequate revenues.

It will be necessary for the Company to arrange for additional financing to meet its ongoing requirements.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favorable.

The following table summarized the Company's significant remaining contractual maturities for financial liabilities as at July 31, 2018 and 2017:

	Less than 3 months	Between 3 and 12 months	Over 12 months	Total
<b>July 31, 2018</b>				
Trade and other payables	\$ 400,706	\$ 24,000	\$ -	\$ 424,706
	Less than 3 months	Between 3 and 12 months	Over 12 months	Total
<b>July 31, 2017</b>				
Trade and other payables	\$ 208,195	\$ 49,257	\$ 21,923	\$ 279,375

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### **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is in the business of exploration and evaluation and has no source of operating revenue. Operations are financed through the issuance of capital stock. Capital raised is held in cash in an interest bearing bank account and in guaranteed investment certificates until such time as it is required to pay operating expenses or exploration and evaluation costs. The Company is not subject to any externally imposed capital restrictions. Its objectives in managing its capital are to safeguard its cash and its ability to continue as a going concern, and to utilize as much of its available capital as possible for exploration activities.

#### **RISK FACTORS**

Companies face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical. Following is the risk factor most applicable to the Company.

#### **ENVIRONMENTAL**

Exploration and development projects are subject to the environmental laws and regulations of the jurisdictions within which the Company is conducting its operations. As such laws are subject to change, the Company carefully monitors proposed and potential changes, and ensures that it is and will be in strict compliance.

Various non-governmental organizations dedicated to environmental protection monitors, amongst others, the mining industry. These organizations have in the past commenced actions with the regulatory agencies or the courts to prevent or delay resource extraction activities.

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#### RELATED PARTY TRANSACTIONS

Related party transactions and balances not disclosed elsewhere in the financial statements are as follows:

Name and Principal Position		July 31 Remuneration of fees <sup>(1)</sup>	Share- based Awards	Included in Accounts Payable
A Company controlled by the former President and CEO -	2018	\$ -	\$ -	\$ -
Management fees	2017	94,913	24,360	-
A Company controlled by the current CEO -	2018	165,933	-	39,133
Management fees	2017	25,461	-	-
A Company controlled by the current CFO -	2018	15,000	-	15,750
Management fees	2017	-	-	-
A Company controlled by the former Corporate Secretary and former CFO -	2018	138,463	-	24,000
Management fees	2017	103,949	24,360	68,966
A Company controlled by a director -	2018	92,000	-	-
Management fees	2017	12,000	6,960	8,500
A Company controlled by the former Vice- President -	2018	-	-	-
Management fees	2017	-	17,400	-
A former director of the Company	2018	-	-	-
Management fees	2017	-	6,960	-
A Company controlled by the current President	2018	153,328	-	89,189
Management fees	2017	149,808	6,960	13,861
A current directors of the Company	2018	163,407	-	61,967
Management fees	2017	20,369	-	-
A current directors of the Company	2018	39,133	-	39,133
Management fees	2017	-	-	-

<sup>(1)</sup> Amounts disclosed were paid or accrued to the related party during the years ended July 31, 2018 and 2017.

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. During the year ended July 31, 2018 aggregate remuneration of \$767,264 (2017 - \$406,500) was paid or accrued to key management personnel. During the year ended July 31, 2017, key management personnel and directors were granted 1,250,000 options to purchase shares at \$0.10 for a period of 5 years and management fees in the amount of \$52,000 were forgiven.

There were no payments during the year for short-term employee benefits, post-employment benefits, long-term benefits, termination benefits and share-based payments.

As at July 31, 2018, \$269,172 (2017 - \$91,327) is included in trade and other payables owing to those directors and officers for management fees and expense reimbursements.

During the year ended July 31, 2017, the Company issued 2,210,000 units in a private placement at \$0.055 per unit to current and former directors of the Company for payment of management fees. In addition, 727,000 units in the

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same private placement were issued to a former director of the Company as part of debt settlement agreement.

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

The Company has no off-balance sheet arrangements.

#### **CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the financial statements: Carrying value of mineral property and, market risk of available-for-sale investments.

#### **INVESTOR RELATIONS ACTIVITIES**

With respect to public relations, the Company's policy is to provide information from its corporate offices to investors and brokers directly.

#### **APPROVAL**

The Board of Directors of Greatbanks has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

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### ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning Greatbanks' general and administrative expenses is provided in the Company's Statements of Financial Position, Comprehensive Loss, Changes in Equity (Deficiency) and Cash Flows contained in its Annual Audited Financial Statements for July 31, 2018 and 2017. This information is available on its SEDAR page site accessed through [www.sedar.com](http://www.sedar.com).

#### A Cautionary Tale

*This document contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company, its subsidiaries and its projects, the future supply, demand, inventory, production and price of mineral resources, the estimation of reserves and resources, the realization of reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of resources; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the resource industry; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.*

Respectfully submitted

On Behalf of the Board of Directors

**"Sergei Stetsenko"**

Sergei Stetsenko, CEO