



FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

The following Management Discussion and Analysis (“MD&A”) has been prepared by management of International Samuel Exploration Corp. (the “Company”) as of October 30, 2019, and should be read in conjunction with the audited annual consolidated financial statements together with the related notes of the Company thereto for the year ended June 30, 2019. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All amounts are stated in Canadian dollars unless otherwise indicated.

Statements in this MD&A that are forward-looking statements (see “Forward Looking Statements”) are subject to various risks and uncertainties concerning the specific factors disclosed under the heading “Risk and Uncertainties”. Such information contained herein represents management’s best judgment as of the date hereof based on information currently available. The Company does not assume the obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking information and statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions as at the date of this MD&A. The words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential”, “interprets”, “may”, “will” and similar expressions identify forward-looking statements. Information concerning the interpretation of drill results may also be considered a forward-looking statement; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The forward-looking statements reflect the current beliefs of the management of the Company, and are based on currently available information. Readers are cautioned not to place undue reliance on these statements as they are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, such forward-looking statements. The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

OVERVIEW

The Company was incorporated on June 14, 1985 under the laws of British Columbia, Canada. The Company is primarily engaged in the acquisition, exploration, and development of mineral properties. The common shares of the Company are listed for trading on the TSX Venture Exchange (TSX-V) under the symbol “ISS”.

The significant events for the year ended June 30, 2019 are as follows:

- On July 5, 2018 the Company completed a 2:1 consolidation of its share capital.
- On August 3, 2018 the Company completed a non-brokered private placement comprised of 8,000,000 post-consolidation units at a purchase price of \$0.05 per unit for gross proceeds of \$400,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$0.10 per share for two years from the closing date and is subject to accelerated expiry provisions such that if at any time after the date of closing of the private placement, the Company’s common shares trade on the TSX Venture Exchange at or above a weighted average trading price of \$0.20 per share for 10 consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice. The Company paid finder’s fees of \$2,600 cash and issued 52,000 finder warrants, with each finder warrant entitling the holder to acquire one additional common share of the Company at an exercise price of \$0.10 per share for two years from the closing date. In compliance with Canadian securities laws, all of the securities issued in connection with this closing are subject to a four

month hold period.

- On August 3, 2018 the Company completed a non-brokered private placement comprised of 3,150,000 post-consolidation flow-through units at a purchase price of \$0.05 per unit for gross proceeds of \$157,500. Each flow-through unit consisted of one common share and one-half of one common share purchase warrant. Each whole flow-through warrant entitles the holder to purchase an additional common share at a price of \$0.10 per share for 1 year from the closing date and is subject to accelerated expiry provisions such that, if at any time after the date of closing of the private placement the Company's common shares trade on the TSX Venture Exchange at or above a weighted average trading price of \$0.20 per share for 10 consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice. The Company paid finder's fees of \$9,000 cash and issued 180,000 finder warrants, with each finder warrant entitling the holder to acquire one additional common share of the Company at an exercise price of \$0.10 per share for 1 year from the closing date. In compliance with Canadian securities laws, all of the securities issued in connection with this closing are subject to a four month hold period.
- On August 9, 2018, the Company granted 1,165,000 stock options to directors, officers and consultants at an exercise price of \$0.07 per share for a term of 5 years.
- On August 21, 2018 the Company completed a non-brokered private placement comprised of 5,481,666 post-consolidation flow-through units at a purchase price of \$0.06 per unit for gross proceeds of \$328,900. Each flow-through unit consisted of one common share and one common share purchase warrant. Each flow-through warrant entitles the holder to purchase an additional common share at a price of \$0.10 per share for one year from the closing date and is subject to accelerated expiry provisions such that, if at any time after the date of closing of the private placement the Company's common shares trade on the TSX Venture Exchange at or above a weighted average trading price of \$0.20 per share for 10 consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice. The Company paid finder's fees of \$21,912 cash and issued 365,200 finder warrants, with each finder warrant entitling the holder to acquire one additional common share of the Company at an exercise price of \$0.10 per share for 1 year from the closing date. In compliance with Canadian securities laws, all of the securities issued in connection with this closing are subject to a four month hold period.
- On September 29, 2018, 2,000,000 share purchase warrants with an exercise price of \$0.15 expired unexercised.
- On October 1, 2018, the Company granted 500,000 stock options to a consultant at an exercise price of \$0.08 per share for a term of 5 years.
- On October 2, 2018, 500,000 stock options with an exercise price of \$0.08 per share were exercised for total proceeds of \$40,000.
- On October 9, 2018, the Company completed a non-brokered private placement comprised of 3,736,666 post-consolidation units at a purchase price of \$0.06 per unit for gross proceeds of \$224,200. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$0.10 per share for two years from the closing date and is subject to accelerated expiry provisions such that, if at any time after the date of closing of the private placement the Company's common shares trade on the TSX Venture Exchange at or above a weighted average trading price of \$0.20 per share for ten consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice. In compliance with Canadian securities laws, all of the securities issued in connection with this closing are subject to a four month hold period.
- On October 15, 2018, the Company completed a non-brokered private placement comprised of 1,000,000 post-consolidation units at a purchase price of \$0.06 per unit for gross proceeds of \$60,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$0.10 per share for two years from the closing date and is subject to accelerated expiry provisions such that, if at any time after the date of closing of the private placement the Company's common shares trade on the TSX Venture Exchange at or above a weighted average trading price of

\$0.20 per share for ten consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice. In compliance with Canadian securities laws, all of the securities issued in connection with this closing are subject to a four month hold period.

- On October 16, 2018, the Company granted 1,000,000 stock options to directors, officers and consultants at an exercise price of \$0.07 per share for a term of five years.
- During the year ended June 30, 2018, 700,000 stock options and 2,250,000 share purchase warrants were exercised for total proceeds of \$35,000 and \$225,000, respectively.

MINERAL EXPLORATION ACTIVITIES

Lucifer Property, British Columbia

In August 2017 the Company entered into an option agreement to acquire a 100% interest in the Lucifer Property located in northwestern British Columbia for a total consideration of \$100,000 (paid) and 3,000,000 common shares, of which 2,000,000 shares are to be issued upon TSX acceptance (issued on October 2, 2017) and 1,000,000 shares are to be issued by October 31, 2018 (issued June 27, 2018). The Company also issued 300,000 common shares as a finder's fee. The vendor retains a 2% NSR royalty, of which the Company may repurchase up to 1.5% for \$500,000 per 0.5%.

The Lucifer Property consists of 12 non-surveyed mineral tenures (4,588.44 hectares) which form an irregular shaped block extending northwards from More Creek in northwestern BC's prolific Golden Triangle. The Property is approximately 75 kilometres southwest of Imperial Metals' Red Chris copper gold mine and 50 kilometres east of the Teck Resources Limited's Galore Creek Project. Previous exploration work by Noranda Inc. (1990-1991) identified a 400 metre wide, 1.2 kilometre long, north-northeast trending zone of hydrothermal alteration associated with gold and base metal geochemical anomalies. Several widely spaced soil samples collected by Noranda within the alteration zone returned strongly anomalous gold values (50 to 500 ppb) including spot highs of up to 1,230 ppb (equivalent to 1.23 g/t gold). According to the BC Ministry of Mines database one of two shallow drill holes completed in 1991 intersected 15.1 g/t gold over 1.36 metres and 0.7 g/t gold over 5.70 metres. Close spaced geochemical sampling carried out between 2010 and 2013 by Unique Resources confirmed the elevated gold contents in soils reported by Noranda Inc. however the overall extent of the geochemical anomalies has not been determined and the project is considered a promising, gold-copper prospect.

Mickey Davis Property, British Columbia

In September 2017 the Company entered into a Purchase and Sale agreement to acquire a 100% interest in the Mickey Davis Gold & Copper Property, located in northwestern British Columbia, for total consideration of \$100,000 (paid) and 12 million common shares to be issued upon TSX acceptance (issued on October 2, 2017). The Company also issued 1,200,000 common shares as a finder's fee. One of the vendors retains a 2% NSR royalty.

The Mickey Davis property consists of 22 mineral claims structured into two tenure blocks. The district-scale project comprises a total of 19,531.05 ha (approximately 48,242 acres). The target environment is a volcanics setting (Stuhini Group and Hazelton Group Volcanics) known to host mineralization elsewhere in the immediate area, as well as prospective contact points with the Jurassic Unconformity.

Grizzly Property, British Columbia

In September 2017 the Company entered into a Purchase and Sale agreement to acquire a 100% interest in the Grizzly Property, located in northwestern British Columbia, for consideration of 3,000,000 common shares, of which 2,000,000 shares are to be issued upon TSX acceptance (issued on October 2, 2017) and 500,000 post consolidated shares issued October 16, 2018. The Company also issued 120,000 common shares to buy out a 2% NSR royalty previously granted by the vendor to a prior owner of the property (issued on October 2, 2017). The Vendor was granted a 1% NSR royalty.

The Grizzly porphyry property is among the same geological trend as Evrim Resources' Ball Creek property, 88 Capital's Hank property, Colorado Resources' North Rok properties, Skeena Resources GJ property, GT Gold's Tatogga property, and Imperial Metals' Red Chris mine.

According to the British Columbia Ministry of Mines database, the Grizzly mineralization is traceable for 250 metres over a width of about 15 metres, consisting of 2 to 5 per cent disseminated chalcopyrite with 1 to 3 per cent disseminated and fracture fill pyrite. Grab samples assayed up to 5.9 per cent copper and 13.1 grams per tonne gold. In addition, several boulders in the glacial moraine four kilometres north gave elevated gold, silver and copper, including one with 4.5 g/t gold, 74.6 parts per million silver and 0.9 per cent copper. The mineralization is associated with a 050-degree structure on the northwest side of Grizzly Creek, and its associated alteration zone has been traced for 390 metres along strike. Historical trenching averaged 0.87 per cent copper and 1.51 g/t gold across 20 metres. A historical IP survey showed a distinct chargeability anomaly up to 50 metres wide and 300 metres in length.

2018 Exploration LGM Property

In 2018 the company undertook a multi-faceted exploration program on the contiguous Lucifer, Grizzly, and Mickey Davis Properties, collectively known as the LGM property.

The LGM Property consists of forty two non-surveyed mineral tenures (~26,000 hectares) which form an irregular shaped block extending northwards from More Creek in northwestern BC's prolific Golden Triangle. The Property is approximately 75 kilometres southwest of Imperial Metals' Red Chris copper gold mine and 40 kilometres east of the Galore Creek Project owned by Teck Resources Limited and Newmont Goldcorp.

The company undertook an exploration program on the LGM Property from June 15 to December 17, 2018 including helicopter supported 508 metres of drilling in 3 drill holes, prospecting, ~5 line-kilometres of induced polarization ground geophysical surveying, collection of 410 soil samples, collection of thirteen grab surface rock samples and 178 line kilometres

The drill program was design to test the geophysical survey induced polarization [IP] anomalies and coincident anomalous gold in soils results. See the attached table for assay results.

DDH	Dip	AZ	Total Depth m	From m	To m	Length m	Au ppb	Ag ppm	Cu ppm	Mo ppm	Co ppm
LGM18-01	-90		213	43.5	44.5	1.0	716	0.3	100.0	4.0	21.1
LGM18-02	-45	280	178	14.0	15.0	1.0	1250	0.4	49.0	4.0	20.1
LGM18-02	-45	280	178	100.0	114.0	14.0	300	< 0.2	45.5	2.7	10.2
LGM18-02	-45	280	178	122.0	123.0	1.0	1210	< 0.2	34.0	7.0	13

Williams Property, British Columbia

In October 2017 the Company entered into an agreement to purchase a 100% interest in the Williams Property, located in northern British Columbia, for the following consideration:

- The issuance of 4,000,000 common shares at closing (issued on October 25, 2017);
- The issuance of 1,000,000 common shares upon the Company announcing an NI 43-101-compliant mineral resource estimate of at least 500,000 ounces of gold; and
- The issuance of an additional 750,000 common shares upon the Company announcing an NI 43-101-compliant mineral resource estimate of at least 1,000,000 ounces of gold.

The Company granted the vendor a 0.50% NSR and also assumes the obligation to pay a further 2% NSR stemming from two existing NSR agreements, including a 0.75% NSR previously granted to the vendor's parent company and a 1.25% NSR previously granted to a third-party prospector. Pursuant to terms of the 1.25% NSR with the third-party prospector, the Company also assumes the obligation to make an annual \$5,000 advance royalty payment to the prospector and retains the right to buy back 30% of that NSR (0.375%) for \$500,000 or 60% of it (0.75%) for \$1,000,000.

The Williams property is 5,159 hectares in size and is located 40 km north of the Toodoggone mining camp, British Columbia. The Williams gold property hosts two large exploration targets, the T-Bill prospect which is prospective for mesothermal style gold mineralization, and the GIC porphyry prospect which is prospective for porphyry copper-gold-molybdenum style mineralization. The T-Bill prospect contains widespread alteration along with a large 1,200- by 2,300-metre gold in soil anomaly defined by gold greater than 100 parts per billion. The zone contains gold-rich quartz veins locally with visible gold. Historical drilling within a small portion of the anomaly (300 m by 300 m) intercepted 11 separate two-metre intervals containing more than 12 g/t gold. The best historical drill intersections include two metres at 24.8 g/t gold and two metres at 35.0 g/t gold. The mineralized veins occur as multiple subparallel vein swarms and could have bulk minable potential in addition to the high-grade underground vein targets.

The GIC porphyry prospect is north of the T-Bill prospect and occurs as a 500- by 1,400-metre copper and gold-in-soil geochemical anomaly that partially overlaps a 600- by 1,800-metre zone of high chargeability and moderate to high resistivity. Several Au-bearing rock samples have been taken from within the copper-gold soil geochemical anomaly on the northern edge of the IP anomaly; five samples contained 1,280 to 4,740 parts per billion gold, with 84 to 1,045 parts per million copper. A chip sample from one of the rare outcrops on the southern flank of the IP anomaly returned 2,200 ppm copper and 220 ppb gold across 3.73 metres.

The T-Bill prospect is underlain by Devonian to-Permian metavolcanic rocks which have been altered to carbonate-muscovite-quartz schist associated with gold mineralization. This alteration is confined to the core of a northeasterly-trending structural dome and is controlled both by foliation and by steep crosscutting structures. Gold-rich quartz-arsenopyrite veins, locally with visible gold, are broadly co-spatial with the carbonate-muscovite alteration.

During 2018 the Company obtained a multi-year exploration permit for the William Property which allows the company to undertake camp building, Inducted polarization ground geophysics, and eventually drilling.

Technical information in this presentation has been reviewed and approved by Derrick Strickland , P. Geo, Vice President of Exploration for the Company and is a qualified person as defined in National Instrument 43-101.”

SELECTED ANNUAL INFORMATION

The following table sets out selected financial information for the Company which has been derived from the Company's audited financial statements for the fiscal years ended June 30, 2019, 2018, and 2017.

	Fiscal 2019 (\$)	Fiscal 2018 (\$)	Fiscal 2017 (\$)
Accounting framework	IFRS	IFRS	IFRS
Revenues	-	-	-
Income (loss) from continuing operations	(710,765)	(845,423)	(845,423)
Net income (loss)	(710,765)	(845,423)	(845,423)
Income (loss) from continuing operations per share - basic and diluted	(0.01)	(0.02)	(0.02)
Net loss (loss) per share - basic and diluted	(0.01)	(0.02)	(0.02)
Total assets	3,351,502	2,752,387	2,752,387
Total non-current liabilities	-	-	-
Dividends	-	-	-

DISCUSSION OF OPERATIONS

The Company is an exploration stage company and has no operating revenue. Expenditures related to mineral exploration are capitalized. During the year ended June 30, 2019, the Company incurred \$40,000 (2018 - \$2,685,739) in acquisition costs and \$492,099 (2018 - \$34,281) in exploration expenditures.

During the year ended June 30, 2019, the Company reported a net loss of \$710,765 compared to a net loss of \$845,423 incurred in the year ended June 30, 2018. The loss in the 2019 period relates primarily to general operating expenses of \$700,835 (2018 - \$842,685), which includes stock-based compensation of \$213,201 (2018 - \$432,873).

Some of the significant expense items are summarized as follows:

- Accounting and administration of \$62,775 (2018 - \$54,637) include fees for the Company's administrative and accounting personnel.
- Management fees of \$10,500 (2018 - \$35,000) relate to costs of the Company's CEO.
- Office and miscellaneous of \$13,841 (2018 - \$21,273) relates to the costs of the general office maintenance.
- Professional fees of \$15,851 (2018 - \$54,739) relate to legal fees and the Company's financial statements audit.
- Consulting fees of \$12,740 (2018 - \$71,929) related to business development purposes.
- Investor relations of \$330,032 (2018 - \$73,273), including the following amounts paid during the year ended June 30, 2019:
 - \$245,000 to an arm's-length consultant, including \$150,000 for services to be provided until August 15, 2020 and \$95,000 for services to be provided until December 31, 2020;
 - \$50,000 to an arm's-length consultant for services to be provided through September 2019; and
 - \$9,000 to an arm's-length consultant for services provided through December 2018.

To be conservative, the Company has expensed these amounts in the current period.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited financial information for the Company's eight most recent quarters ending with the last quarter for the three months ending on June 30, 2019.

	For the Three Months Ending							
	Fiscal 2019				Fiscal 2018			
	Jun. 30, 2019	Mar.31, 2019	Dec. 31, 2018	Sept. 30, 2018	Jun. 30, 2018	Mar.31, 2018	Dec. 31, 2017	Sept. 30, 2017
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Accounting framework	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Total revenues	-	-	-	-	-	-	-	-
Income (loss) from continuing operations	(244,160)	(79,926)	(215,556)	(171,123)	(107,108)	(49,364)	(534,788)	(154,163)
Net income (loss)	(244,160)	(79,926)	(215,556)	(171,123)	(107,108)	(49,364)	(534,788)	(154,163)
Income (loss) from continuing operations per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)
Net income (loss) per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)

FOURTH QUARTER

In the fourth quarter ended June 30, 2019, the Company incurred a net loss of \$244,160 (2018 - \$107,108). The quarter's loss was comprised of general operating expenses of \$244,160 (2018 - \$104,370), which includes investor relations expenses of \$239,514 (2018 - \$12,501) and stock based compensation of \$Nil (2018 - \$64,501). Factors affecting the loss for the fourth quarter are similar to those explained under the "Discussion of Operations" section.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended June 30, 2019, the Company's cash balance increased by \$16,237 (2018 - decreased by \$139,823). The Company spent \$608,648 (2018 - \$349,923) in operating activities and spent \$543,559 (2018 - \$226,583) in investing activities on mineral property expenditures. The Company received net proceeds of \$1,168,444 (2018 - \$436,682) from financing activities during fiscal 2019.

As at June 30, 2019, the Company had cash of \$17,582 compared to \$1,345 as at June 30, 2018. The Company had a working capital deficiency of \$98,840 as at June 30, 2019 compared to a working capital deficiency of \$244,155 as at June 30, 2018.

Management estimates that the general operating costs, excluding share-based payment expense, for the next 12 months will be approximately \$120,000. The Company has no commitments remaining under the mineral property option agreements. The Company intends to obtain additional equity financings some time in 2020. Management is also evaluating other options. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Going Concern

The Company is an exploration stage company. At present, the Company's operations do not generate cash flow and its financial success is dependent on management's ability to discover economically viable mineral deposits. There is significant doubt surrounding the ability of the Company to continue as a going concern.

As at June 30, 2019, the Company had a cash balance of \$17,582 (June 30, 2018 - \$1,345) compared with payables owing to non-related parties of \$127,025 (June 30, 2018 - \$166,065), and an accumulated deficit of \$19,513,334 (June 30, 2018 - \$18,802,569). During the year ended June 30, 2019, the Company raised \$1,170,600 (2018 -

\$200,000) in private placement financing, and generated negative operating cash flows of \$608,648 (2018 - \$349,923). Further, the Company is incurring taxes and penalties for failure to spend and renounce expenditures under flow-through share agreements entered into.

These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The ability of the Company to continue as a going concern is dependent on the continued financial support of related parties, obtaining financing, and considering other unrelated business opportunities. In recognition of these circumstances, the Company is continuing to investigate possible sources of financing as well as alternatives, including partnerships, to continue with evaluation of its mineral properties.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Included in trade and other payables is \$23,372 (June 30, 2018 - \$74,771) owed to a company controlled by the Company's President and CEO for services rendered to the Company; this amount owing is unsecured, non-interest bearing, and has no specific terms of repayment.

Included in trade and other payables is \$19,360 (June 30, 2018 - \$35,686) owed to individuals or companies with common officers for accounting and administration fees rendered to the Company and reimbursable expenses; these amounts owing are unsecured, non-interest bearing, and have no specific terms of repayment.

Key management includes directors (executive and non-executive) and senior officers of the Company. The compensation paid or payable to key management personnel during the year ended June 30 is as follows:

	2019	2018
Management fees	\$ 10,500	\$ 35,000
Professional fees	62,775	54,638
Total	\$ 73,275	\$ 89,638

The Company entered into the following transactions relating to key management personnel and entities over which they have control or significant influence during the year ended June 30, 2019:

- a) Paid or accrued management fees of \$10,500 (2018 -30,000) to a private company controlled by the President of the Company.
- b) Paid or accrued management fees of \$Nil (2018 - \$5,000) to a director of the Company.
- c) Paid or accrued management fees of \$31,350 (2018 - \$28,200) to the Chief Financial Officer of the Company.
- d) Paid or accrued administration fees of \$31,425 (2018 - \$26,438) to a private company controlled by the Secretary of the Company.

SUMMARY OF OUTSTANDING SHARE DATA

The Company's issued and outstanding share capital as at the date of this report is as follows:

- (1) Authorized: Unlimited common shares without par value.

- (2) As at October 30, 2019, the Company has 50,828,653 common shares, 5,061,033 options, 19,793,332 warrants and 597,200 finder warrants issued and outstanding.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgment in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- (i) the determination that the Company will continue as a going concern for the next year. This involves judgment regarding the nature, timing and extent of future funding available for exploration projects and working capital requirements; and
- (ii) the determination of the effects of events or changes in circumstances on the recoverable amounts of exploration and evaluation assets.

FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows: cash as loans and receivables and measured at amortized cost; and trade and other payables as other financial liabilities and measured at amortized cost. The carrying amount of financial assets and liabilities carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments.

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs for the asset or liability that are not based on observable market data.

The carrying amount of financial assets and liabilities carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments.

Financial risk management

All financial instruments are included on the Company's statement of financial position and classified and measured at either fair value or amortized cost.

The Company's financial assets consist of cash, which is classified and measured at amortized cost.

The Company's financial liabilities consist of trade and other payables, which are classified and measured at amortized cost.

The carrying values of the Company's financial instruments measured at amortized costs approximate their fair values due to their short-term nature.

The capital of the Company consists of shareholders' equity of \$3,181,745 (March 31, 2018 - \$2,475,865).

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. There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements. The Company relies on capital markets to support continued growth.

SIGNIFICANT ACCOUNTING POLICIES

New standards, interpretations, and amendments

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018 and the Company has retrospectively adopted the standard without restatement.

The Company also completed an assessment of its financial instruments as at July 1, 2018 and no changes in classification were made under IFRS 9 from the original classifications under IAS 39.

RISK AND UNCERTAINTIES

Operating Hazards and Risks

Mineral exploration involves many risks. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the conduct of exploration programs.

Environmental Factors

The Company currently conducts exploration activities in the Canadian Provinces of British Columbia and Manitoba. Such activities are subject to various laws, rules and regulations governing the protection of the environment. In Canada, extensive environmental legislation has been enacted by federal and provincial governments. Such legislation imposes rigorous standards on the mining industry to reduce or eliminate the effects of wastes generated by extraction and processing operations and subsequently deposited on the ground or emitted into the air or water.

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed properties and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's

operations. The cost of compliance with changes in governmental regulations has the potential to preclude entirely the economic development of a property.

The Company is able to conduct its exploration within the provisions of the applicable environmental legislation without undue constraint on its ability to carry on efficient operations. The estimated annual cost of environmental compliance for all properties held by the Company in the exploration stage is minimal and pertains primarily to carrying out diamond drilling, trenching or stripping. Environmental hazards may exist on the Companies properties, which hazards are unknown to the Company at present, which have been caused by previous or existing owners or operators of the properties.

Governmental Regulation

Exploration activities on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) restrictions on production, price controls, and tax increases; (iv) maintenance of claims; (v) tenure; and (vi) expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations. Changes in such regulation could result in additional expenses and capital expenditures, availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution, and restrictions and delays in operations, the extent of which cannot be predicted.

The Company is at the exploration stage on all of its properties. Exploration on the Company's properties requires responsible best exploration practices to comply with company policy, government regulations, maintenance of claims and tenure. The Company is required to be registered to do business and have a valid prospecting license (required to prospect or explore for minerals on Crown Mineral Land or to stake a claim) in any Canadian province in which it is carrying out work.

Mineral exploration primarily falls under provincial jurisdiction. However, the Company is also required to follow the regulations pertaining to the mineral exploration industry that fall under federal jurisdiction, such as the Fish and Wildlife Act.

If any of the Company's projects are advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters.

DISCLOSURE CONTROLS

In connection with Exemption Orders issued 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.

In contrast to the certificates under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), 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.

ADDITIONAL INFORMATION

Additional information concerning the Company and its operations is available on SEDAR at www.sedar.com.

APPROVAL

The Board of Directors of International Samuel Exploration Corp. has approved the contents of this management discussion and analysis on October 30, 2019. A copy of this MD&A together with the Company's audited consolidated financial statements for the year ended June 30, 2019 and June 30, 2018 will be provided to anyone who requests it.