

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

Introductory Comment and Overview

Lund Enterprises Corp. is a junior mineral exploration company listed on the TSX Venture Exchange under the trading symbol “LEN”. The Company is in the business of evaluating mineral assets in the exploration stage, and is currently focusing on its Black Fox gold project in northern Ontario. The Black Fox project was acquired by option agreement effective July 2008, as set out in Note 3 to the accompanying financial statements as at June 30, 2018 and for the year then ended (“Audited Financial Statements”). During the current fiscal year to date, the Company continued its evaluation of the Black Fox project. For accounting purposes all Black Fox project costs were written off at June 30, 2012, and subsequent further costs, if and when incurred, have to date been classified as property examination expense in the statement of comprehensive loss.

This MD&A is dated October 3, 2018 and discloses specified information up to that date. Lund is classified as a “venture issuer” for the purposes of National Instrument 51-102. Unless otherwise cited, references to dollar amounts are Canadian dollars. Throughout this report we refer from time to time to “Lund”, “the Company”, “we”, “us”, “our” or “its”. All these terms are used in respect of Lund Enterprises Corp. which is the reporting issuer in this document. **We recommend that readers consult the “Cautionary Statements” on the last page of this report.** Additional information related to Lund is available for view on SEDAR at www.sedar.com.

Overall Performance

Our project activities in recent periods are summarized by the following remarks.

- **Black Fox Project:** This project consists of nine claims totalling 76 units located in Tuuri Township, in the Schreiber-Hemlo Greenstone Belt, in the Thunder Bay Mining Division, Ontario. These claims are in good standing until 2019 and 2020. Terms of the option agreement are described in Note 3 to the Audited Financial Statements, which sets out that we have an option on a 100% interest subject to a 2.5% NSR which is subject to our ability to purchase 40% of the NSR as set out in Note 3. We have no further option obligations on this project except for shares issuable on the completion of a full feasibility study.
- **Recent project work:** During this summer of 2018 we carried out work to conform our tenure with new mineral tenement regulations in Ontario. This will maintain the Black Fox project’s good standing through 2019 and 2020.

The Company is continuing to evaluate other resource projects of merit for possible acquisition.

Selected Annual Information

The following table provides a brief summary of Lund’s financial operations. For more detailed information, refer to the Audited Financial Statements.

	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016
Total revenues	nil	nil	nil
Net loss	\$171,342	\$118,396	\$ 125,245
Basic and diluted loss per share	(0.02)	(0.01)	(0.02)
Total assets	207,853	162,164	106,095

There were no long-term financial liabilities or cash dividends declared in any of these years.

Discussion of annual financial statement components

During the fiscal year ended June 30, 2018, total assets increased to \$0.208 million from \$0.162 million as at June 30, 2017, primarily due to the \$167,000 financing proceeds set out in Note 5(b) offset in part by the cash consumed by operations as set out in the statement of cash flows.

During the fiscal year ended June 30, 2017, total assets increased to \$0.162million from \$0.106 million as at June 30, 2016, primarily due to \$150,000 financing proceeds offset in part by the cash consumed by operations as set out in the statement of cash flows.

Lund Enterprises Corp.

Management Discussion and Analysis

Year ended June 30, 2018

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The increase in net loss during the year ended June 30, 2018 compared to the year ended June 30, 2017 was approximately \$53,000 or 45%. The increase in loss is primarily attributed to the following:

- An increase of approximately \$18,000 in salaries and benefits, principally related to increases in CFO compensation \$9,700 and support staff compensation \$6,700, which arose from increased levels of corporate activity.
- An increase of approximately \$15,000 in office and general expenses, primarily arising from increases in IT and network services \$7,700 and in executives' communication and office supplies cost \$6,900.
- \$10,000 exploration cost incurred in the year ended June 30, 2018, compared to Nil in the prior year – this is the 2018 fiscal year portion of tenure update work on the Black Fox project.

The decrease in net loss during the year ended June 30, 2017 compared to the year ended June 30, 2016 was approximately \$7,000 or 5%. The reduction is primarily attributed to lower costs for *office and general* and for *rent*, which total \$6,398. These cost reductions arose from favorable cost-sharing arrangements during calendar 2017 which did not continue after December 2017.

Summary of Quarterly Results

	Three Months Ended June 30, 2018 \$	Three Months Ended March 31, 2018 \$	Three Months Ended December 31, 2017 \$	Three Months Ended September 30, 2017 \$	Three Months Ended June 30, 2017 \$	Three Months Ended March 31, 2017 \$	Three Months Ended December 31, 2016 \$	Three Months Ended September 30, 2016 \$
Total assets	207,853	76,361	106,412	145,355	162,164	132,490	54,281	93,060
Exploration and evaluation assets	nil	nil	nil	nil	nil	nil	nil	nil
Working capital	91,407	(14,888)	20,469	62,341	95,749	71,689	3,154	36,923
Shareholders' equity	91,407	(14,888)	20,469	62,341	95,749	71,689	3,154	36,923
Revenues	nil	Nil	Nil	nil	nil	nil	nil	nil
Net loss	(60,705)	(35,357)	(41,872)	(33,408)	(25,940)	(31,465)	(33,769)	(27,222)
Per share	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)

[Per share loss amounts by quarter may not add to annual amounts due to rounding within quarterly statements.]

Discussion of loss for the periods

The preceding schedule shows quarterly costs ranging from approximately \$26,000 to \$35,000 (with the exceptions of Q4 2018 at an anomalous \$61,000 and Q2 2018 at \$42,000). The variances in these ranges primarily have to do with prospecting property exploration expenditure, and increases in rent, compensation and general office expenses. We expect our quarterly general and administrative costs to remain broadly consistently in this range until such time as the company may acquire further exploration projects.

Discussion of cash flows

The statement of cash flows portrays ongoing drawdowns of cash attributable to operations. We expect similar drawdowns to continue, in amounts estimated at up to \$100,000 annually, until such time as the company may acquire further exploration projects. In May 2018 we completed a private placement financing of \$167,000 compared to our prior year financing of \$150,000 in April 2017. Note 10 also sets out a final \$50,000 private placement tranche added to our May 2018 financing.

Liquidity

The Company's cash position at the year-end was \$203,642 and current liabilities were \$116,446. Of that \$116,446, \$89,800 comprised accrued unpaid compensation to directors and senior officers. Assuming the continuing forbearance of those creditors, net current assets were approximately \$181,000. Based on current rates of cash drawdown, we believe this represents sufficient cash resources for the entire 2018-2019 fiscal year currently under way.

Notwithstanding our healthy cash position, Note 1 to the Audited Financial Statements sets out that uncertainties exist which may cast significant doubt upon the Company's ability to continue as a going concern.

Capital Resources

The Company does not require additional financing during the current fiscal year as set out in the section preceding. We do plan, however, to seek a new mineral project of merit during the current fiscal year under way. Other than this planned increase in the scope of our activities, we expect to operate at modest levels of land tenure activity and related administrative support. At June 30, 2018 the Company had \$10,000 project expenditure. No significant further cash option payments are required in respect of the Black Fox option agreement, and our project tenure remains in good standing through 2019 and 2020.

Related Party Transactions

During the year ended June 30, 2018 the Company accrued directors' fees of \$6,000 to each of our directors Vivian Danielson, Derek Bartlett and Chet Idziszek. The Company paid or accrued salaries and benefits of \$30,600 to Ian Brown, its Chief Financial Officer, of which \$8,550 was paid during the fiscal year and \$22,050 was accrued and unpaid. No payments were made by way of salary amounts to Mr. Idziszek for his service as Chief Executive Officer. Directors' fees and the CFO's compensation have been recorded as salaries and benefits expense in the statement of comprehensive loss.

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Included in trade and other payables at June 30, 2018 is \$89,800 (June 30, 2016 - \$54,500) due to related parties as accrued unpaid fees. In July 2018, \$13,050 was paid to Mr. Brown. Other than this payment, we currently have no plans to pay out these accruals and the related parties to whom the amounts are owed have expressed their ongoing willingness to carry these balances. These transactions are incurred in the normal course of operations and are measured at the amount of consideration established and agreed to by the Company and the related parties.

Discussion and Analysis of Fourth Quarter

Losses by quarter this fiscal year were \$33,408 in Q1, \$41,872 in Q2, \$35,357 in Q3 and \$60,705 in Q4 for a total of \$171,342. The fourth quarter loss increased approximately by \$25,000 or 71%, comparing to \$37,000 for the average quarterly expenditures through Q3. Loss increase in Q4 2018 is primarily attributed to the following:

- Property expenditure \$10,000 in June 2018 for claim and assessment update to the new Ontario system;
- An increase of \$5,000 in salaries and benefits, including \$4,000 increase in Q4 2018 benefits for 11-month MSP adjustment;
- An increase of \$3,000 in rent. In fiscal 2017 the rent was lower due to a favourable cost-sharing arrangement;
- An increase of \$3,000 in office and travel expense of the Company CEO. This increase is primarily due to a timing difference in claiming these expenses.

We estimate ongoing quarterly losses to continue to be in the range of \$30,000 to \$40,000. This statement is forward-looking information and entirely subject to the Cautionary Statements on the last page of this document.

Financial Instruments

The Company's financial instruments consist of cash, receivables, and trade and other payables. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate, foreign currency or credit risks arising from these financial instruments. Because these items have short maturities, the fair values of these financial instruments are approximately equal to their carrying values, unless otherwise noted. At June 30, 2018 the Company's ongoing project was located in Canada and its costs incurred in Canadian dollars. Because of this, the Company has no significant exposure to foreign currency risk.

Risk Factors

The Company and its operations are subject to a significant number of risk factors, in respect of which an adverse development in any one risk factor or any combination of risk factors could result in material adverse outcomes to the Company's undertakings and to the interests of stakeholders in the Company including its investors. Readers are cautioned to take into account the risk factors to which the Company and its operations are exposed. The following description of risk factors is not exhaustive and is provided to alert users of this management discussion and analysis to examples of the nature and types of risk factors inherent in the Company's existence and operations.

Exploration risks

The Company is seeking mineral deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome for the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome for the Company and its securities. The Company's level of exploration activities has been very low in the past four fiscal years.

Market risks

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome for the Company and its securities. During fiscal 2017-2018 and subsequently to the date of this report, the Company's shares have traded in the range high \$0.24 to low \$0.09 and there has been a significant thinness in trading volumes.

Financing risk

Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for any future substantial exploration budgets. During at least the last 36 months the capital markets have for a significant portion been unreceptive to the financing of mineral exploration – although in the most recent six months markets have to a degree become more receptive. Although we were successful in obtaining financing in August 2014, April 2017, and more recently in May 2018, there can be no assurance that the capital markets will be favorable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favorable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome for the Company and its securities.

Other Required Disclosure

Environmental matters

The Company does not believe it faces significant issues arising from environmental concerns. The Black Fox project in northern Ontario is an early stage exploration project and our exploration activities to date have not resulted in any meaningful disturbances on the project lands; therefore, there is not a basis on which to estimate any reclamation and remediation provision. We also do not believe there are any meaningful issues arising from climate change matters.

Additional Disclosure for Venture Issuers without Significant Revenue

Our operating expenses for the 2017-2018 fiscal year compared to our 2016-17 fiscal year increased by 45% from \$118,000 to \$171,000. The principal determinants of this variance are described on pages 1 and 2 in the sections *Discussion of annual financial statement components* and *Discussion of loss for the periods*.

Disclosure of Outstanding Share Data

The authorized share capital of the Company consisted at June 30, 2018 of an unlimited number of common shares without par value of which 10,726,979 were outstanding at June 30, 2018 and 11,135,312 at the date hereof. As set out in Note 5, at June 30, 2018 the Company had no stock options outstanding. 3,000,000 warrants exercisable for one common share per warrant at the price of \$0.20 per share for a three year term ending August 5, 2017 were not exercised and expired, leaving no warrants outstanding as at June 30, 2018.

New accounting standards expected to be adopted

Note 2(N) sets out that the Company expects to adopt new accounting standards IFRS 9 *Financial instruments*, IFRS 15 *Revenue from contracts with customers*, and IFRS 16 *Leases*. The expected adoption dates based on the Company's fiscal year end of June 30th are July 1, 2018 in the cases of IFRS 9 and 15 and July 1, 2019 in the case of IFRS 16. Note 2(N) also briefly describes the new standards and the Company's judgments that their adoption will not have significant effects, if any, on its financial statements.

Vancouver, British Columbia



October 3, 2018

We recommend that readers refer to the Cautionary Statements following.

Cautionary Statements

This document contains “forward-looking statements” within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration results and plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, our estimates of exploration investment, the scope of our exploration programs, and our expectations of ongoing administrative costs. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change, except as required by law. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are cautioned not to place undue reliance on forward-looking statements.