

## AMV CAPITAL CORPORATION.

### Management Discussion and Analysis

#### For the six month period ended October 31, 2019

The Management Discussion and Analysis (“MD&A”), prepared December 13, 2019 should be read in conjunction with the condensed interim financial statements and notes thereto for the three and six months ended October 31, 2019 and the audited financial statements and notes thereto for the year ended April 30, 2019 of AMV Capital Corporation. (“AMV” or the “Company”) which were prepared in accordance with International Financial Reporting Standards.

This management discussion and analysis may contain forward-looking information (as such term is defined under applicable securities laws) in respect of various matters including upcoming events. The results or events predicted in this forward-looking information may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

### DESCRIPTION OF BUSINESS

AMV was formed on January 31, 2019 by way of an amalgamation (the “Amalgamation”) pursuant to the *Business Corporations Act* (British Columbia) between AMV Capital Corporation and Pontiac Resources Corp. (“Pontiac”). The address of the Company’s corporate office and its principal place of business is 200-551 Howe Street, Vancouver, British Columbia, Canada.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at October 31, 2019, the Company holds an interest in an early stage mineral exploration property and the Company had not yet determined whether the mineral exploration property contains a deposit of minerals that is economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

### EXPLORATION PROJECT

	Acquisition Costs	Exploration Costs	Total
	\$	\$	\$
Balance, incorporation May 1, 2018	-	-	-
Amalgamation	10,000	89,086	99,086
Additions	20,000	26,151	46,151
Balance, April 30, 2019 and October 31, 2019	30,000	115,237	145,237

#### Sage Property

Pursuant to an option agreement dated November 30, 2017 and amended February 28, 2019, the Company has acquired a 100% interest in the 3 mineral claims known as the Sage Property located in British Columbia, Canada. The Company acquired the Sage Property in consideration of the payment of \$30,000 in cash, the first \$10,000 of which was paid by Pontiac prior to the Amalgamation, with the remaining \$20,000 subsequently paid by the Company.

## SELECTED ANNUAL INFORMATION

(\$000's except loss per share)

	April 30, 2019
Revenue	\$ 0
Net Loss	\$ (146)
Basic and Diluted Loss Per Share	\$ (0.04)
Total Assets	\$ 279
Long-Term Debt	\$ 0
Dividends	\$ 0

## OPERATIONS

### Three month period ended October 31, 2019

During the three months ended October 31, 2019 the Company reported a net loss of \$84,802 (2018 - \$2,987). Included in the determination of operating loss was \$70,930 (2018 - \$1,439) on professional fees, \$8,378 (2018 - \$Nil) on transfer agent and filing fees, \$5,412 (2018 - \$Nil) on travel and promotion, and \$82 (2018 - \$48) on office and miscellaneous.

### Six month period ended October 31, 2019

During the six months ended October 31, 2019 the Company reported a net loss of \$180,405 (2018 - \$127,922). Included in the determination of operating loss was \$73,930 (2018 - \$2,139) on professional fees, \$29,668 (2018 - \$Nil) on transfer agent and filing fees, \$8,008 (2018 - \$Nil) on travel and promotion, and \$133 (2018 - \$283) on office and miscellaneous. The Company also incurred a stock based compensation charge of \$68,666 (2018 - \$122,500).

## SUMMARY OF QUARTERLY RESULTS

(\$000's except earnings per share)

	October 31, <u>2019</u>	July 31, <u>2019</u>	April 30, <u>2019</u>	January 31, <u>2019</u>
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
Net loss	\$ (85)	\$ (96)	\$ (13)	\$ (5)
Basic and diluted Loss per share	\$ (0.01)	\$ (0.02)	\$ (0.00)	\$ (0.00)
	October 31, <u>2018</u>	July 31, <u>2018</u>		
Revenue	\$ 0	\$ 0		
Net loss	\$ (3)	\$ (125)		
Basic and diluted Loss per share	\$ (0.00)	\$ (0.04)		

The Company was formed by amalgamation on January 31, 2019. Comparative figures prior to July 31, 2018 are not available.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at October 31, 2019 were \$69,923 compared to \$127,839 at April 30, 2019.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

## TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following amounts are due to related parties and have been included in accounts payable and accrued liabilities:

	<b>October 31, 2019</b>	<b>April 30, 2019</b>
	\$	\$
Accounts payable and accrued liabilities	82,577	3,045

The amounts are due to a law firm in which a director is a partner and to a company controlled by the Chief Financial Officer of the Company for professional fees. The amounts are non-interest bearing, unsecured and are due upon demand.

The Company had the following related party transactions for the three month period ended:

	<b>Period ended October 31, 2019</b>	<b>Period ended October 31, 2018</b>
	\$	\$
Share-based payments	68,666	122,500

Key management includes directors and key officers of the Company, including the President, CEO and Chief Financial Officer. Management fees were provided by a company owned or controlled by the CEO.

## COMMITMENTS

The Company does not have any significant commitments.

## **SUBSEQUENT EVENTS**

The Company entered into an agency agreement with Mackie Research Capital Corporation (the "Agent") whereby the Agent has agreed to raise on commercially reasonable efforts \$400,000 in an initial public offering (the "IPO") by the issuance of 4,000,000 common shares of the Company at a price of \$0.10 per common share.

Pursuant to the terms of the agency agreement, the Company has agreed to pay to the Agent a cash commission of 8% of the gross proceeds of the IPO. The Company has also agreed to grant Agent warrants (the "Agent's Warrants") which will entitle the Agent to purchase up to 8% of the common shares sold under the IPO, at a purchase price that is equal to the price per share offered in the IPO. The Agent's Warrants are exercisable until 24 months from the closing date. In addition, the Company has agreed to pay a corporate finance fee of \$22,000. The Company will also pay the Agent's legal fees incurred and any other reasonable expenses pursuant to the IPO.

The Company received regulatory approval and completed the financing subsequent to October 31, 2019.

## **APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The company has adopted the new and revised standard and interpretation issued by the IASB effective November 1, 2017. The adoption of the standards did not have any material impact on the financial statements of the Company.

## **NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

New accounting standards effective for annual periods on or after January 1, 2018:

### *IFRS 9 – Financial Instruments*

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test. IFRS 15 – *Revenue from Contracts with Customers* In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

*IFRS 2 Share-based Payment* - In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendment provide guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based

payment transactions with a net settlement feature for withholding tax obligations and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

The Company does not expect the adoption of these standards to have significant impact on the financial statements.

The standard is effective for annual periods beginning on or after January 1, 2019:

#### *IFRS 16 – Leases*

In June 2016, the IASB issued IFRS 16 – Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019.

The Company is currently evaluating the impact of the adoption of this standard on its financial statements.

The company has adopted the new and revised standard and interpretation issued by the IASB effective November 1, 2017. The adoption of the standards did not have any material impact on the financial statements of the Company.

## **CRITICAL ACCOUNTING POLICIES**

### Stock-based Compensation

The Company has a stock option plan, which is described in to the financial statements. Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

### Financial Instruments

Financial assets are classified into one of four categories:

- Fair value through profit or loss;
- Held-to-maturity;
- Available for sale and;

- Loans and receivables

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

#### *Financial assets at fair value through profit or loss (“FVTPL”)*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if

- It has been acquired principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or;
- It is a derivative that is not designated and effective as a hedging instrument.

The Company’s cash is classified as FVTPL assets.

#### *Held-to-maturity (“HTM”)*

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

#### *Available-for-sale financial assets (“AFS”)*

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets as at FVTPL. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss. The Company does not have any assets classified as AFS.

#### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less and impairment losses. The Company does not have any assets classified as loans and receivables.

#### *Derecognition of financial assets*

A financial asset is derecognized when:

- The contractual right to the asset’s cash flows expire; or
- If the Company transfer the financial assets and substantially all risks and rewards of ownership to another entity.

#### *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

## **SHARE CAPITAL**

### Issued

The Company has 8,500,000 common shares issued and outstanding as at October 31, 2019 and 12,500,000 as at December 13, 2019.

### Share Purchase Options

The Company has 850,000 stock options outstanding at October 31, 2019 and December 13, 2019.

### Warrants

The Company had Nil share purchase warrants outstanding at October 31, 2019 and 320,000 share purchase warrants outstanding as at December 13, 2019.

### Escrow Shares

The Company has 6,580,000 common shares held in escrow as at October 31, 2019 and 5,922,000 common shares held in escrow as at December 13, 2019.