

## **Management Discussion and Analysis**

### **For the Three Months Ended September 30, 2017**

This management's discussion and analysis ("MD&A") is provided to enable the reader to assess material changes in financial condition and results of operations of MK2 Ventures Ltd. (the "Company" or "MK2") for the three months ended September 30, 2017. This MD&A should be read in conjunction with the unaudited condensed interim financial statements of the Company for the three months ended September 30, 2017 and the audited financial statements of the Company for the year ended June 30, 2017 prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A complements and supplements, but does not form part of the Company's financial statements.

This MD&A contains forward-looking statements. Statements regarding the adequacy of cash resources to carry out the Company's exploration programs or the need for future financing are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language on page 5. Readers are advised to refer to the cautionary language when reading any forward-looking statements.

All dollar amounts contained herein are expressed in Canadian dollars unless otherwise indicated. This MD&A has been prepared as of November 15, 2017.

#### **BUSINESS OVERVIEW**

The Company was incorporated under the *Business Corporations Act* (Alberta) on July 24, 1989 and continued into the province of British Columbia on March 31, 2006. The Company is listed on the NEX Branch of the TSX Venture Exchange ("the Exchange") under the trading symbol "MK.H".

The Company has historically been a junior mineral exploration stage company in the business of acquiring, exploring and evaluating natural resource properties, and either developing these properties further or disposing of them when the evaluation is complete. As at the date of this MD&A, the Company holds no mineral property interests, has no active business, and has no source of revenue. It continues to seek and evaluate opportunities to acquire assets or businesses.

The Company will need to identify a new business opportunity and acquire additional funding for its corporate and overhead expenses in the near future through either equity or debt financing. Many factors influence the Company's ability to raise funds, including the health of the capital market, the climate for mineral exploration investment and the Company's track record. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities on existing projects and acquisition of new projects. Management is approaching several sources of equity capital, but recognizes there may be some difficulty obtaining such finance due to the current market conditions. There is no guarantee that the Company will be able to identify a suitable transaction or secure additional financings in the future at terms that are favourable, or at all.

#### **FINANCIAL REVIEW**

##### **Results of operations**

The Company incurred a net loss and total comprehensive loss of \$28,727 during the three months ended September 30, 2017, a decrease in loss of \$26,119, as compared to the total comprehensive loss of \$54,846 for the three months ended September 30, 2016.

Compared to the three months ended September 30, 2016, net loss and total comprehensive loss attributable to shareholders of the Company for the three months ended September 30, 2017 was mainly impacted by the following factors:

- Professional fees were \$2,879 during the three months ended September 30, 2017 compared to \$28,462 during the three months ended September 30, 2016. The \$25,583 decrease is due to a reduction in legal fees incurred during the three months ended September 30, 2017 relating to decreased business activity in the period. During the three months ended September 30, 2017 the Company had no legal expenses (2016 - \$23,556).
- During the three months ended September 30, 2017 the Company incurred \$1,417 in expenses related to shareholder information and investor relations compared to \$4,081 for the same period in the prior year. The \$2,664 decrease is primarily due to AGM cost differences incurred during the period ended September 30, 2017 when compared to the same period ended September 30, 2016.

- During the three months ended September 30, 2016 the Company settled debt for \$19,613 of director fees payable to former directors by issuing 65,377 common shares with a fair value of \$14,383; as a result, the Company recognized a gain on debt settlement of \$5,230. There were no debt settlements during the three months ended September 30, 2017.

### Summary of quarterly results

The following table provides a summary of financial data for the Company's most recent eight quarters derived from the Company's unaudited condensed interim financial statements prepared in accordance with IAS 34:

	Quarter ended	Revenue	Loss before other income and expenses	Total comprehensive loss	Basic and diluted loss per common share
Q1/18	September 31, 2017	\$ -	\$ (28,727)	\$ (28,727)	\$ (0.00)
Q4/17	June 30, 2017	-	(28,384)	(28,384)	(0.00)
Q3/17	March 31, 2017	-	(27,183)	(27,183)	(0.00)
Q2/17	December 31, 2016	-	(30,917)	(30,917)	(0.00)
Q1/17	September 30, 2016	-	(54,846)	(54,846)	(0.01)
Q4/16	June 30, 2016	-	(44,113)	(12,693)	(0.01)
Q3/16	March 31, 2016	-	(9,744)	(9,744)	(0.01)
Q2/16	December 31, 2015	-	(36,138)	(36,138)	(0.02)

The primary factors affecting the magnitude and variations of the Company's losses are as follows:

- During the eight periods above the Company did not have an active business but continued to explore opportunities for growth. There were no trends to note.
- During the three months ended March 31, 2016, the Company entered into a debt settlement agreement with one of its vendors to settle a payable of \$24,000 by making a cash payment of US\$1,000 (CDN\$1,325); as a result, the Company recognized a gain on debt settlement \$22,675.

### LIQUIDITY AND CAPITAL RESOURCES

The Company will need additional funding for its corporate and overhead expenses in the near future through either equity or debt financing. Many factors influence the Company's ability to raise funds, including the health of the capital market, the climate for mineral exploration investment and the Company's track record. Actual funding requirements may vary from those planned due to a number of factors, including the acquisition of new projects. Management will approach various sources of equity capital, but recognizes there may have difficulty obtaining such finance due to the current market conditions. There is no guarantee that the Company will be able to secure additional financings in the future at terms that are favourable, or at all.

The Company's condensed interim financial statements for the three months ended September 30, 2017 have been prepared on a going concern basis, which assumes that the Company will continue in operation in the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. At September 30, 2017, the Company had cash of \$966,595 and working capital of \$946,525. The Company currently has no active business and is not generating any revenues. It has incurred losses and negative cash flows from operations since inception and has an accumulated deficit of \$53,996,979 as at September 30, 2017.

The Company's ability to continue its operations is dependent on its ability to identify a new business opportunity and its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. While the Company has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the next twelve months and in the future. The condensed interim financial statements for the three months ended September 30, 2017 do not give effect to the required adjustments to the carrying amounts and classification of assets and liabilities should the Company be unable to continue as a going concern.

During the year ended June 30, 2017, the Company received \$650,000 in cash pursuant to the exercise of 13,000,000 warrants at \$0.05 per warrant. As such, the Company has sufficient cash resources to finance its general and administrative expenses for the next year, and to initiate the search for alternative business opportunities.

## Cash flows

Cash used in operating activities for three months ended September 30, 2017, was \$40,559 compared to \$115,242 for the three months ended September 30, 2016. The decrease in spending is primarily the result of the decrease in expenses.

Cash used in financing activities for the three months ended September 30, 2017 was \$nil compared to \$55,483 for the three months ended September 30, 2016. The decrease in spending is primarily the result of repayment of loans payable of \$44,306 in the three months ended September 30, 2016 compared to \$nil in the three months ended September 30, 2017.

## TRANSACTIONS WITH RELATED PARTIES

The Company's related parties consist of its key management personnel, including its directors and officers, entities controlled by key management personnel and entities that have significant influence over the Company. During the normal course of business, the Company enters into transactions with its related parties that are considered to be arm's length transactions and made at normal market prices and on normal commercial terms.

- (a) Key management compensation for the three months ended September 30, 2017 and 2016 were as follows:

	September 30, 2017	September 30, 2016
Short-term benefits	\$ 15,000	\$ 15,500
Share-based payments	-	-
	<b>\$ 15,000</b>	<b>\$ 15,500</b>

- (b) During the three months ended September 30, 2017, the Company incurred \$15,000 (September 30, 2016 - \$15,000) for management fees provided by an entity controlled by the Company's former Chief Executive Officer. Amounts owing to this entity at September 30, 2017 is \$15,750 (September 30, 2016 - \$15,000) and is included in accounts payables and accrued liabilities

## CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amounts of assets, liabilities revenues and expenses. The critical judgements and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the unaudited condensed interim financial statements for the three months ended September 30, 2017 are consistent with those applied in the preparation of and as disclosed in note 4 to the Company's audited financial statements for the year ended June 30, 2017.

## NEW ACCOUNTING STANDARDS AND ACCOUNTING STANDARDS NOT YET EFFECTIVE

The Company has reviewed new and amended accounting pronouncement that have been issued by the IASB, but are not yet effective. The Company has not early-adopted these Standards and is currently evaluating the impact, if any, that these Standards might have on its consolidated financial statements.

**IFRS 9** Financial Instruments – This standard provides added guidance on the classification and measurement of financial liabilities. The standard is effective for annual periods beginning on or after January 1, 2018.

**IAS 7** Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows) – These amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. These amendments are effective for reporting periods beginning on or after January 1, 2017.

## FINANCIAL INSTRUMENTS AND RELATED RISKS

### Classifications

The Company's financial assets and liabilities are classified as follows:

	September 30, 2017	June 30, 2017
<b>Financial assets:</b>		
<i>Fair value through profit and loss</i>		
Cash	\$ 966,595	\$ 1,007,154
<b>Financial liabilities:</b>		
<i>Other financial liabilities</i>		
Accounts payable and accrued liabilities	\$ 32,308	\$ 32,861

The amount of accounts payable and accrued liabilities includes amounts due to related parties and excludes sales tax receivable.

It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

### OUTSTANDING SHARE CAPITAL DATA

At the date of this MD&A, the Company had 27,383,303 common shares issued and outstanding (September 30, 2017 – 27,383,303).

At the date of this MD&A, the Company has no stock options and no warrants outstanding (September 30, 2017 – no options and no warrants).

### APPROVAL

The Company's Board of Directors has approved the Company's financial statements for three months ended September 30, 2017. The Company's Board of Directors has also approved the disclosures contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and is available on [www.sedar.com](http://www.sedar.com).

### CONFLICTS OF INTEREST

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the BC *Business Corporations Act* ("BCBCA") dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the directors and officers of MK2 are required to act honestly, in good faith, and in the best interest of MK2.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as “expects”, “anticipates”, “believes”, “intends”, “estimates”, “potential”, “possible” or variations of such words and phrases or the negative connotation thereof, or statements that events, conditions or results “will”, “may”, “could” or “should” occur or be achieved. The forward-looking statements may include statements regarding exploration results and budgets, mineral resource estimates, work programs, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not statements of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. The Company’s forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management’s beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company’s expectations include uncertainties relating to disputes; fluctuations in commodity prices and foreign currency exchange rates; uncertainties relating to interpretation of drill results and the geology; the need to obtain additional financing to develop properties and uncertainties as to the availability and terms of future financing; uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

It is the Company’s policies that all forward-looking statements are based on the Company’s beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are based on information available as at November 15, 2017 and are subject to change after this date. The Company assumes no obligation and has no policy for updating or revising forward looking information or statements to reflect new events or circumstances, except as may be required under applicable securities laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and discussed under “Risks and Uncertainties”.