

Management Discussion and Analysis

For the Three Months Ended September 30, 2018

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, 2018. 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, 2018 and the audited financial statements of the Company for the year ended June 30, 2018 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 27, 2018.

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

Three months ended September 30, 2018 compared to three months ended September 30, 2017

The Company incurred a net loss and total comprehensive loss of \$674,475 during the three months ended September 30, 2018, an increase in loss of \$645,748, as compared to the total comprehensive loss of \$28,727 for the three months ended September 30, 2017.

Compared to the three months ended September 30, 2017, net loss and total comprehensive loss attributable to shareholders of the Company for the three months ended September 30, 2018 was mainly impacted by the following factors:

- Issuance of 2,050,000 stock options which resulted in a stock option compensation expense in the amount of \$585,900 for the three months ended September 30, 2018 as compared to \$Nil for the three months ended September 30, 2017.
- Consulting fees being incurred during the three months ended September 30, 2018 in the amount of \$51,000 compared to \$Nil.
- Increase in management fees for the three months ended September 30, 2018 in the amount of \$7,500 when compared to the same period in 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
Q1/19	September 30, 2018	\$ -	\$ (674,475)	\$ (674,475)	\$ (0.02)
Q4/18	June 30, 2018	-	(30,382)	(30,382)	(0.00)
Q3/18	March 31, 2018	-	(16,850)	(16,850)	(0.00)
Q2/18	December 31, 2017	-	(26,656)	(26,656)	(0.00)
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)

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 other than the issuance of stock options during the most recently completed quarter resulting in a stock option compensation expense in the amount of \$585,900.

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, 2018 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, 2018, the Company had cash of \$1,368,329 and working capital of \$1,331,237. 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 \$54,745,342 as at September 30, 2018.

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 nine months ended March 31, 2018 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. During the year ended June 30, 2018, the Company raised \$550,000 through a private placement. 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, 2018, was \$59,037 compared to \$40,559 for the three months ended September 30, 2017. The increase in spending is primarily the result of expenditures incurred by the Company to search for alternative business opportunities. The Company did not have financing or investing activities during the three months ended September 30, 2018 and 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, 2018 and 2017 were as follows:

	September 30, 2018	September 30, 2017
Short-term benefits	\$ 51,000	\$ 15,000
Share-based payments	528,739	-
	\$ 579,739	\$ 15,000

(b) During the three months ended September 30, 2018, the Company incurred \$28,875 (September 30, 2017 - \$Nil) for management fees provided by an officer of the Company and \$22,125 (September 30, 2017 - \$Nil) for services provided by the VP of Exploration and Development of the Company. Amounts owing related to these fees at September 30, 2018 is \$34,125 (June 30, 2018 - \$nil) and is included in accounts payables and accrued liabilities.

During the three months ended September 30, 2018, the Company incurred \$Nil (September 30, 2017 - \$15,000) for management fees provided by an entity controlled by the Company's former Chief Executive Officer.

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, 2018 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, 2018.

NEW ACCOUNTING STANDARDS AND ACCOUNTING STANDARDS NOT YET EFFECTIVE

The Company has reviewed the following new and amended accounting pronouncement that has been issued by the IASB, but is not yet effective.

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*
Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".
- *Classification and measurement of financial liabilities:*
When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.
- *Impairment of financial assets:*
An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk

of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- **Hedge accounting:**

Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

FINANCIAL INSTRUMENTS AND RELATED RISKS

Classifications

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

	September 30, 2018	June 30, 2018
Financial assets:		
Fair value through profit and loss		
Cash	\$ 1,368,329	\$ 1,427,306
Financial liabilities:		
Other financial liabilities		
Accounts payable and accrued liabilities	\$ 56,957	\$ 15,968

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 31,783,303 common shares issued and outstanding.

At the date of this MD&A, the Company has warrants outstanding as follows:

Number of warrants	Exercise price	Expiry date	Exercisable
4,400,000	\$0.15	June 1, 2019	4,400,000

At the date of this MD&A, the Company has stock options outstanding as follows:

Number of options	Exercise price	Expiry date	Exercisable
2,050,000	\$0.30	July 11, 2021	2,050,000

APPROVAL

The Company's Board of Directors has approved the Company's financial statements for three months ended September 30, 2018. 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.

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 May 30, 2018 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".