

**FITCH STREET CAPITAL CORP.**  
Management's Discussion and Analysis  
**For the Years Ended March 31, 2019 and 2018**

**Form 51-102F1**

The following discussion is management's assessment and analysis of the results of operations and financial conditions of Fitch Street Capital Corp. (the "Company") and should be read in conjunction with the Company's audited annual financial statements and related notes thereto for the year ended March 31, 2019. These audited financial statements have been prepared in accordance with International Financial Reports Standards ("IFRS") as issued by the International Accounting Standards Board and can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

All amounts are in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is July 26, 2019.

### **Forward-Looking Statements**

This MD&A contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans to continue to be refined; possible variations in ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; and fluctuations in metal prices. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

### **Overview**

#### **Description of the Business**

The Company was incorporated under the Business Corporations Act of British Columbia on June 20, 2007. The Company is in the development stage and was classified as a Capital Pool Company as defined by Policy 2.4 (the "CPC Policy") of the TSX Venture Exchange (the "Exchange").

On June 13, 2008, the Company was listed on the Exchange. The Company was required to complete a Qualifying Transaction (as defined) by June 13, 2010. The Company did not complete a Qualifying Transaction within the prescribed time frame and the Company's listing transferred to NEX Board of the TSX.V on October 26, 2010. As a result, 1,333,333 common shares that were subscribed by the directors were cancelled.

On June 21, 2016, the Company consolidated its outstanding shares on a one-new-for-four-old basis. As at June 30, 2016, the Company had 1,323,083 shares issued and outstanding, of which, 533,333 are escrow shares.

On February 7, 2018, the Company completed a financing for gross proceeds of \$791,000 through the issuance of 11.3 million shares of the company at a price of \$0.07 per share. Finders' fees to arm's length third parties consisting of \$54,600 and 780,000 brokers' options, which allow the holder to acquire, for seven cents per option, one common share for a period of 24 months.

During the year ended March 31, 2018, the Company made certain adjustments to its accounts payable & accrued liabilities for the fiscal years ending March 31, 2015, 2016 and 2017 by reversing rent expenses of \$24,516 and reversing all management fees and office expenses of \$49,573 aggregating \$74,089. The foregoing adjustments were made in order to comply with Exchange policies in respect to expenses for capital pool companies as set out in Policy 2.4 of the TSX Venture Polices.

### **Highlights**

On December 17, 2018, the Company entered into a definitive Share Exchange Agreement. (the "Agreement") with Pure Extraction Inc. and Pure Extraction Ltd. (together known as the "Targetcos" or "Pure Extraction"), the shareholders of Pure Extraction Ltd., and the shareholders of Pure Extraction Inc. with respect to the proposed acquisition of the Targetcos by the Company (the "Transaction").

### Summary of the Transaction

Under the terms of the Transaction, Fitch will acquire all of the issued and outstanding shares of the Targetcos (the "Pure Shares") from the shareholders of Targetcos. In consideration for the Pure Shares, Fitch will issue to the shareholders of the Targetcos pro rata an aggregate of 3,000,000 common shares of the Company (the "Fitch Shares") at a deemed value of \$0.165 per share. In addition, Fitch will issue to the shareholders of the Targetcos pro rata an aggregate of 1,000,000 Fitch Shares if the Targetcos generate cumulative gross revenues greater than \$2,000,000 within 18 months from execution of the Agreement at a deemed value of \$0.165 per share.

The Transaction is subject to a number of conditions precedent, including the approval of the TSX Venture Exchange (the "Exchange").

Upon closing, the name of Company will be changed to "Pure Extraction Corp." or such other name which is acceptable to the directors of Fitch and the Targetcos, the Exchange and the registrar of companies for British Columbia.

All Fitch Shares issued pursuant to the Transaction will be subject to restrictions on resale as set out in the Agreement and may be subject to Exchange-imposed restrictions on resale. Some of the Fitch Shares to be issued to the shareholders of the Targetcos pursuant to the Transaction may also be subject to time escrow provisions imposed pursuant to the policies of the Exchange.

The Transaction is expected to qualify as the Company's Qualifying Transaction (the "Qualifying Transaction"). Since Fitch and the Targetcos are arm's length to each other, Fitch is not required to obtain shareholder approval for the Transaction.

### Concurrent Financing

Concurrent with the closing of the Transaction, Fitch intends to complete a concurrent financing to raise up to \$2,000,000 (the "Concurrent Financing") through the issuance of up to 14,814,815 units (each a "Unit") at \$0.135 per unit. Each Unit will consist of one Fitch Share and one-half of a share purchase warrant, with each whole warrant entitling the holder to purchase one Fitch Share at \$0.60 per share for two years from closing, with an expiry acceleration clause to be determined.

The net proceeds of the Concurrent Financing will be used to fund the acquisition of the Targetcos', costs associated with the Qualifying Transaction and to provide general working capital.

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Finders' Fee and Consulting Fee

Subject to Exchange approval, Fitch anticipates issuing an aggregate of 400,000 Fitch Shares to certain arm's length third parties as finders' fees and consulting fees payable in connection with the Transaction in accordance with Exchange policies.

In addition, the Company will pay finder's fees of 8% cash and 8% finders' warrants in connection with the Concurrent Financing and the Bridge Financing in accordance with applicable securities laws and the policies of the Exchange. Each finders' warrant payable will allow the holder to purchase a Fitch Share at a price of \$0.135.

Secured Loan

Subject to prior acceptance of the Exchange and the satisfaction of all conditions of the Exchange in respect of the same, Fitch has agreed to provide a secured loan to the Targetcos in the principal amount up to \$225,000 (the "Loan"). The proceeds of the Loan shall be used by the Targetcos to fund its operating expenses. The Loan shall accrue interest at a rate of 10% per annum, compounded annually and will become due at the earliest of the receipt of final approval of the Exchange of the Qualifying Transaction or February 28, 2019 unless sooner determined due to the occurrence of an event or default, or extended by the Lender as set out in the loan agreement dated November 21, 2018 between the Targetcos and Fitch. The Loan will be secured by a general security agreement and any other security that Fitch may reasonably require from the Targetcos from time to time.

**Selected Financial Information**

The following financial data is derived from the Company's audited annual financial statements for the years ended March 31, 2018, 2017 and 2016 respectively.

Years Ended March 31,	2019	2018	2017
	\$	\$	\$
			(Restated)
Net revenues	-	-	-
Net loss	(87,261)	(94,001)	(44,397)
Total assets	483,384	529,739	32,083
Loss per Share	(0.01)	(0.03)	(0.03)
Cash dividends per share	0.00	0.00	0.00

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**Summary of Quarterly Results**

The following is a summary of the results from the eight previously completed financial quarters:

	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	Jun 30, 2017
Revenues	\$Nil	\$Nil						
Net income (loss)	(59,836)	(19,445)	(8,464)	448	(33,209)	(14,702)	(4,110)	(41,980)
Income (Loss) per share (basic and diluted)	(0.0)	(0.00)	(0.00)	0.00	(0.01)	(0.01)	(0.00)	(0.01)

**Results of Operations for the Year ended March 31, 2019 and 2018**

For the year ended March 31, 2019, the Company incurred an operating loss in the amount of \$87,261 (2018 - \$94,001). During the year ended March 31, 2019, the Company incurred higher operating costs due to the Qualifying Transaction. The Company wrote-off prior year's accounts payable of \$8,712 which offset a portion of operating loss. In the year ended March 31, 2018, the Company wrote-off \$29,483 for GST receivable deemed uncollectible.

Expenses and their respective changes as follows:

- Accounting, audit and legal \$16,795 (2018 – \$26,026);
- Listing and filing fees of \$16,279 (2018 - \$12,960);
- Office and miscellaneous \$18,331 (2018 - \$18,256);
- Transfer agent \$5,447 (2018 - \$7,7276)
- Transaction costs \$39,121 (2018 - \$nil)
- Write-off of receivables \$nil (2018 - \$29,483);
- Write-off of prior year's accounts payable \$8,712 (2018 -\$nil)

**Results of Operations for the Three Months ended March 31, 2019 and 2018**

For the three months ended March 31, 2019, the Company incurred an operating loss of \$59,800 (2018 - \$26,098).

Expenses and their respective changes as follow:

- Accounting, audit and legal \$10,000 (2018 – \$12,543);
- Listing and filing fees of \$2,750 (2018 - \$5,748);
- Office and miscellaneous \$4,721 (2018 - \$4,706);
- Transaction costs \$39,121 (2018 - \$nil)
- Transfer agent \$3,208 (2018 - \$3,101);

**Liquidity**

As at March 31, 2019 the Company had working capital of \$402,719 (March 31, 2018 - \$489,980). The Company has a cash balance of \$262,429 (March 31, 2018 - \$518,819). The Company does not have any material expenditure commitments over the near term or long term.

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**Contractual Obligations**

The Company has no material contractual obligations.

**Share Capital**

The following tables summarize the Company's common share, warrants and stock option transactions for the year ended March 31, 2019 and as at July 26, 2019;

Common Shares:

<b>Balance March 31, 2017</b>	<b>1,323,082</b>
Issued for cash	11,300,000
<b>Balance, March 31, 2018, March 31, 2019 and July 26, 2019</b>	<b>12,623,082</b>

During the year ended March 31, 2018, the Company completed a private placement for gross proceeds of \$791,000 through the issuance 11,300,000 shares at a price of \$0.07 per share. In connection with the private placement, the Company paid finders' fees of \$54,600 and issued 780,000 brokers' options.

The brokers' options have been determined at fair value of \$113,000 based upon the Black Scholes method using the following assumptions noted below:

Risk-free interest rate	1.83%
Expected stock price volatility	134%
Expected dividend yield	0.00%
Expected life of options	2 years

On October 21, 2010, the Company's shareholders who are dealing at arm's length to the Company, within the meaning of the Exchange's policies, have approved the listing of the Company's common shares on the NEX as well as the cancellation of 1,333,333 discounted seed shares held by directors of the Company. 2,133,333 of the outstanding shares remain held in escrow. Under the escrow agreement, 10% of the shares will be released on the issuance of the Final Exchange Bulletin (the Exchange's acceptance of the Qualifying Transaction) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release.

Effective June 22, 2016, the Company consolidated its issued and outstanding shares on the basis of one post-consolidated common share for every four pre-consolidated common shares. This reduced the number of escrow shares to 533,333.

During the year ended March 31, 2018, the Company completed a private placement by issuing 11,300,000 shares, of which 825,000 shares are subject to escrow. As at March 31, 2019, 1,358,000 common shares are escrowed.

Warrants:

No warrants were issued during the years ended March 31, 2019 and 2018. There were no outstanding warrants as at March 31, 2019 and 2018 and as at July 26, 2019.

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Brokers' options:

During the year ended March 31, 2018, the Company issued 780,000 brokers' options as finders' fees. The brokers' options allowed the holder to acquire for \$0.07 per option, one common share for a period of 24 months.

Number outstanding at March 31, 2018	Granted	Exercised	Number outstanding at March 31, 2019	Exercise price	Expiry Date
780,000		-	780,000	\$0.07	February 6, 2020

As of March 31, 2019, and July 26, 2019, 780,000 brokers' options were outstanding.

Stock Options:

Stock Option Plan

The Company has adopted a stock option plan applicable to directors, officers and consultants under which the total outstanding stock options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, an option's maximum term is five years from the grant date.

No stock options were granted during years ended March 31, 2016 and 2015. During the year ended March 31, 2010, the Company granted 500,000 stock options to Directors and Officers of the Company. These Options exercisable at a price of \$0.10 per share expired on August 7, 2014.

As of March 31, 2019, no stock options were outstanding. As at July 26, 2019, 1,260,000 stock options, exercisable at \$0.135 per common share in the capital stock of the Company for a term of five years from the date of grant were outstanding.

Further details on the Company's share capital can be found in Note 6 in the audited annual financial statements for the year ended March 31, 2019.

**Related Party Transactions**

During the year ended March 31, 2019 the Company incurred \$18,000 (2018 - \$18,000) in rent expense to a company owned by a director and senior officer. As at March 31, 2019, \$9,375 (March 31, 2018 - \$nil) were indebted to the aforementioned company. These transactions have been recorded at the fair value which is the amount of consideration established and agreed to by the related parties.

A director of the Company advanced the Company \$nil at March 31, 2019 (March 31, 2018 - \$nil) for general corporate purposes.

Advances and payables are non-interest bearing and payable upon demand.

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation disclosed above comprised the following:

	<b>March 31, 2019</b>	March 31, 2018
CEO & CFO	-	-
	\$ -	\$ -

### **Risk and Uncertainties**

The Company's business, results of operations, financial condition, and the trading price of its common shares could be materially adversely affected by any of the foregoing risks and by other risks, including risks related to development of mineral deposits, metal prices, title matters, reclamation costs, competition, additional funding requirements, insurance, currency fluctuations, conflicts of interest, and share trading volatility. Any of these risks could have a material adverse effect on the business, operations or financial condition of the Company.

### **Critical Accounting Estimates**

The financial statements were prepared in accordance with IFRS which requires management to make estimates and assumptions that affect 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 expenses during the year. Significant areas requiring the use of management estimates relate to determination of impairment of assets, exploration and evaluation assets' carrying values, useful lives for depreciation and amortization, and the value of deferred income tax assets and liabilities. Actual results could differ from these estimates.

### **Off-Balance-Sheet Arrangements**

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

### **New and amended standards adopted by the Company**

The Company has adopted IFRS 9, Financial Instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### *Financial assets*

##### *Classification*

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

The Company has classified its cash at fair value through profit or loss. The company's GST receivable, advances and subscriptions receivable are held at amortized cost.

##### *Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in the entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are measurement categories under which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period which it arises.

**Effective for periods beginning on or after January 1, 2018**

- **IFRS 9, *Financial Instruments – Classification and Measurement***

IFRS 9 is a new standard on financial instruments that will replace IAS 39, *Financial Instruments: Recognition and measurement*.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. This standard has been adopted without material effect to these financial statements.

- **IFRS 15, *Revenue from Contracts with Customers***

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 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 Service*. This standard has been adopted without material effect to these financial statements.

At the date of authorization of these financial statements, the IASB and International Financial Reporting Committee ("IFRIC") have issued the following revised and new standards, amendments and interpretations which are not yet mandatory during the year ended March 31, 2019:

**Effective for periods beginning on or after January 1, 2019**

- **IFRS 16, Leases**

In January 2016, the International Accounting Standards Board (IASB) issued a new International Financial Reporting Standard (IFRS) on lease accounting which was incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2016. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15

Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease assets and liabilities are initially recognized on a present value basis and subsequently, similarly to other non-financial assets and financial liabilities, respectively. The lessor accounting requirements are substantially unchanged and, accordingly, continue to require classification and measurement as either operating or finance leases. The new standard also introduces detailed disclosure requirements for both the lessee and lessor. The new standard is effective for annual periods beginning on or after January 1, 2019.

**Subsequent Events**

The Company intends to immediately complete a non-brokered private placement financing to raise up to \$500,000 in bridge financing through the issuance of up to 3,703,703 common shares at a price of \$0.135 per Fitch Share. The net proceeds of the bridge financing will be used to facilitate the Transaction including the payment of existing payables, Exchange, audit and legal fees.

Subject to regulatory approval, the Company granted incentive stock options to directors, officers and consultants to acquire up to an aggregate of 1,260,000 common shares of the company at an exercise price of \$0.135 per Fitch Share for a term of five years from date of the grant.

**Financial Instruments and Related Risks**

All significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

The Company's financial instruments include cash and cash equivalents, receivables, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair value due to their short-term maturity. The fair value of cash and cash equivalents are measured based on level 1 input of the fair value hierarchy.

Management believes that the Company is not exposed to significant interest rate risk, currency risk and credit risk.

**ADDITIONAL INFORMATION**

Additional information related to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**List of Directors and Officers**

Balraj Mann CEO, CFO and Director  
Anthony Zelen, Director  
Alicia Milne, Director