

LODGE RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the nine month period ended August 31, 2019

The following MD&A of Lodge Resources Inc. (the “Issuer”) has been prepared by management, in accordance with the requirements of NI 51-102 as of October 28, 2019 and should be read in conjunction with the audited consolidated financial statements for the period from date of incorporation on October 24, 2018 to November 30, 2018 and the related notes contained therein which have been prepared under IFRS. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Issuer. The Issuer is not a “Venture Issuer” as defined in NI 51-102.

All financial information in this MD&A has been prepared in accordance with IFRS. All monetary amounts are expressed in Canadian dollars, the presentation and functional currency of the Issuer, unless otherwise indicated.

Overview

The Issuer was incorporated in the Province of British Columbia on October 24, 2018 under the name of “Lodge Resources Inc.” On October 31, 2018, Lodge Minerals Inc. was incorporated in the Province of British Columbia and is a wholly-owned subsidiary of the Issuer. The Issuer is in the process of exploring mining claims which are held under option and has not yet determined whether or not the optioned properties will contain economically recoverable reserves.

As at August 31, 2019, the Issuer reported working capital of \$19,184 and may require financing from outside participation to continue exploration and subsequent development of its mining claims under the option and to be able to make payments required under the Comstock Option Agreement. As at August 31, 2019 the Issuer had not yet achieved profitable operations, has accumulated losses of \$77,338 since its inception and expects to incur further losses in the development of its business, all of which casts doubt about the Issuer’s ability to continue as a going concern. The Issuer’s ability to continue as a going concern is dependent on continued financial support from its shareholders, the ability of the Issuer to raise equity financing, the attainment of profitable operations and external financings.

Significant Events

On May 16, 2019, the Issuer received conditional approval for listing on the Canadian Securities Exchange (CSE). Listing is subject to the Issuer fulfilling all of the listing requirements of the CSE. On May 24, 2019, the Issuer signed an agency agreement with PI Financial Corp. where PI Financial Corp. will act as agent to offer the Issuer’s common shares in an initial public offering (IPO) at \$0.10 per share to raise \$350,000.

On May 24, 2019 the Issuer obtained a receipt for its final long form prospectus dated May 24, 2019 qualifying the shares under the IPO. On August 19, 2019, the Issuer obtained a receipt for a final long

form Amended and Restated Prospectus, amending the May 24, 2019 prospectus. The Issuer is targeting to complete the IPO and to achieve listing in November 2019.

Overall Performance

As the Issuer was only incorporated on October 24, 2018 and had its first fiscal year-end November 30, 2018, there are no prior periods for comparison.

Exploration Activities

Area and Location

The Comstock Property is comprised of twelve (12) contiguous mining claims that are the subject of the Comstock Property Option Agreement. The claims that comprise the Property cover an area of 664.0111 hectares and are located 181 kilometers northeast of Vancouver and seven kilometers south of Merritt, British Columbia, within the Nicola Mining District.

Please refer to the section of the Prospectus entitled “Narrative Description of the Business”, under the subheading “Property Description and Location”.

The Issuer incurred \$24,775 of exploration and evaluation expenses in the three month period ended August 31, 2019.

Results of Operations - For the nine month period ended August 31, 2019:

Revenues

Due to the Issuer’s status as an exploration stage mineral resource Issuer and a lack of commercial production from its properties, the Issuer currently does not have any revenues from its operations.

Expenses

During the three period ended August 31, 2019, the Issuer recorded a loss of \$8,936 and for the nine month period ended August 31, 2019, a loss of \$49,052. There were no operating expenses incurred.

Selected Annual Information

	November 30, 2018
Revenue	Nil
Earnings	Nil
Loss for the period	(28,286)
Deficit	(28,286)
Loss Per Share (Basic & Diluted)	(0.15)
Dividends	Nil
Fixed assets	-

Total assets	103,410
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Summary of Quarterly Results
(\$000's except earnings per share)

	Nov 30, 2018	Feb 28, 2019	May 31, 2019
Revenue	Nil	Nil	Nil
Earnings	Nil	Nil	Nil
Loss for the period	(28)	(36)	(4)
Deficit	(28)	(64)	(68)
Loss Per Share (Basic & Diluted)	(0.15)	(0.01)	(0.00)
Dividends	Nil	Nil	Nil
Fixed assets	-	-	
Total assets	103	88	83

For the quarter ended August 31, 2019, Revenue was Nil, Earnings were Nil, Loss for the period was (9), Loss Per Share was (0.00), Dividends were Nil and Total Assets were 75.

Figures for the periods prior to November 30, 2018 are not available as the Issuer was only incorporated in October 2018.

Liquidity and Capital Resources

As at August 31, 2019, the Issuer had working capital of \$19,184 and an accumulated deficit of \$77,338. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on an ongoing basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The continuation of the Issuer is dependent upon the financial support of creditors and stockholders, refinancing debts payable, obtaining additional long-term debt or equity financing, as well as achieving and maintaining a profitable level of operations. The Issuer believes it will require additional working capital to meet operating and exploration costs for the upcoming year.

Subsequent to the year ended November 30, 2018 the Issuer completed the following transactions:

- a) The Issuer issued options on January 8, 2019 for 500,000 shares to its 3 directors exercisable at \$0.10 each until November 30, 2023
- b) Entered into Consulting Agreements each dated January 8, 2019 pursuant to which services will be provided by Howard Milne and Steve Mathiesen.

- c) On May 16, 2019, the Issuer received conditional approval for listing on the Canadian Securities Exchange (CSE). Listing is subject to fulfilling all of the listing requirements of the CSE
- d) On May 24, 2019, the Issuer signed an agency agreement with PI Financial Corp. where PI Financial Corp. will act as agent to offer the Issuer's common shares in an initial public offering (IPO) at \$0.10 per share to raise \$350,000.
- e) On May 24, 2019, the Issuer obtained a receipt for its final long form prospectus dated May 24, 2019 qualifying the shares under the IPO.
- f) On August 19, 2019, the Issuer obtained a receipt for its Amended and Restated Prospectus, which amended the May 24, 2019 Prospectus.

Contractual Obligations

The Issuer is subject to certain contractual obligations associated with the Comstock Property Option Agreement. In order to exercise the option under the Comstock Property Option Agreement, the Issuer shall pay to the Owner of the Property the aggregate sum of \$315,000 and issue a total of 600,000 Common Shares in instalments, and complete minimum expenditures on the Property in installments equalling \$600,000.

Related Party Transactions

Transactions with related parties are incurred in the normal course of business. Related party transactions have been listed below, unless they have been disclosed elsewhere in the consolidated financial statements. Other than the subscription of shares disclosed in the Prospectus under the section titled "Prior Sales", the Issuer has not to date incurred any charges with related parties that include officers, directors or companies with common directors of the Issuer:

Capital risk management

The Issuer's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Issuer includes shareholders' equity, comprised of issued share capital, contributed surplus and deficit, in the definition of capital.

The Issuer's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further exploration on its properties. To secure the additional capital necessary to pursue these plans, the Issuer will attempt to raise additional funds through the issuance of equity, debt or by securing strategic partners.

The Issuer is not subject to externally imposed capital requirements. The Issuer's financial instruments and risk exposures are summarized below.

Currency risk

Foreign exchange risk arises from purchase transactions as well as recognized financial assets and liabilities denominated in foreign currencies. The Issuer's functional and presentation currency is the Canadian dollar.

Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Issuer is exposed to credit risk with respect to its cash. The Issuer reduces its credit risk by maintaining its primary bank accounts at large financial institutions.

Liquidity risk

Liquidity risk is the risk that the Issuer will not be able to meet its obligations as they fall due. The Issuer manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at August 31, 2019, the Issuer had a working capital of \$19,184.

The Issuer has liquidity risk and is dependent on raising additional capital to fund exploration and operations.

Fair Value risk

Fair value represents the amounts at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on quoted market values and other valuation methods.

The carrying values of cash, reclamation bonds, bank overdraft and accounts payable and accrued liabilities approximate fair values due to the relatively short-term maturities of these instruments.

FAIR VALUE HIERARCHY

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair values of cash are measured based on level 1 inputs of the fair value hierarchy.

Risks And Uncertainties

The Issuer is engaged in the acquisition and exploration of mining claims. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases eliminate the risk involved. The commercial viability of any material deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Annual losses are expected to continue until the Issuer has an interest in a mineral property that produces revenues. The Issuer's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. The Issuer's issuing financial statements do not give effect to any adjustments which would be necessary should the Issuer be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the consolidated financial statements.

Any forward-looking information in this MD&A is based on the conclusions of management. The Issuer cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Issuer's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Issuer and other factors.

Outstanding Shares, Stock Options And Warrants

Common Shares:

Issued and outstanding:	November 30, 2018	3,825,000
Issued and outstanding:	August 31, 2019	3,825,000

Warrants:

Issued and outstanding:	Nil
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Stock Options:

Issued and outstanding:	August 31, 2019	500,000
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Off-Balance Sheet Arrangements

The Issuer has no off-balance sheet arrangements.

Proposed Transactions

The Issuer is anticipating an initial public offering and listing of its Common Shares on the Canadian Securities Exchange in fiscal 2019.

Significant Accounting Policies

Restoration liabilities

The Issuer recognizes the fair value of restoration liabilities related to statutory, contractual or legal obligations associated with the retirement of mining claims in the year in which it is incurred when a reasonable estimate of fair value can be made, in which case the carrying amount of the related mining claim is increased by the same amount as the net present value of the restoration liability. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The Issuer's estimates of such costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures and changes in the net present value.

Acquisition, exploration and evaluation expenditures

The Issuer is in the exploration stage with respect to its investment in exploration properties and follows the practice of capitalizing all costs relating to the acquisition of its interest in properties excluding mining lease agreements. All exploration and development expenditures are expensed in the period incurred. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. The aggregate acquisition costs related to abandoned mineral properties are charged to income at the time of any abandonment or when it has been determined that there is evidence of permanent impairment.

An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for interest in exploration properties is dependent upon the discovery of economically recoverable reserves, the ability of the Issuer to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Issuer recognizes in income costs recovered on exploration properties when amounts received or receivable are in excess of the carrying amount.

All capitalized acquisition costs of interests in properties are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that the capitalized acquisition cost is not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

Share Capital

Common Shares are classified as equity. Transaction costs directly attributable to the issue of Common Shares and share options are recognized as a deduction from equity, net of any tax effects.

Income/Loss per share

The Issuer presents basic and diluted income/loss per share data for its Common Shares, calculated by dividing the income/loss attributed to common shareholders of the Issuer by the weighted average

number of Common Shares outstanding during the period. Diluted income/loss per share does not adjust the income/loss attributed to the common shareholders or the weighted average number of Common Shares outstanding when the effect is anti-dilutive.

Provisions

A provision is recognized in the statements of financial position when the Issuer has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Issuer has recorded no provisions at November 30, 2018.

Income Taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Issuer intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial assets

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following categories: financial assets ‘at fair value through profit or loss’ (“FVTPL”), ‘held-to-maturity investments’, ‘available-for-sale’ financial assets and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets classified as FVTPL are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as available-for-sale are measured at fair value with any resultant gain or loss being recognized directly under other comprehensive income.

Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. When available-for-sale financial assets are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method.

Financial liabilities

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities including borrowings are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

De-recognition of financial liabilities:

The Issuer derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

The Issuer’s financial instruments are classified as follows:

<u>Financial assets:</u>		<u>Classification:</u>
Cash	-	FVTPL
 <u>Financial liabilities:</u>		 <u>Classification:</u>
Bank overdraft	-	FVTPL
Accounts payable and accrued liabilities	-	Other financial liabilities

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. 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 assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

With the exception of Available-For-Sale (“AFS”) financial assets, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS financial assets, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Issuer's financial instrument measured at fair value on the statement of financial position consists of cash, which is measured at level 1 of the fair value hierarchy.

Foreign currency translation

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At closing date, monetary assets and monetary liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate.

Non-monetary items measured at historical cost are translated using the historical exchange rate. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Related Party transactions

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.

Recent Accounting Pronouncements

The Issuer has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Issuer has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

Accounting Standards Effective for annual periods beginning on or after January 1, 2018

- New standard IFRS 9, Financial Instruments

IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement. This standard simplifies the current measurement model for financial instruments under IFRS and establishes two measurement categories for financial assets: amortized cost and fair value. The existing IAS 39 categories of loans and receivables, held to maturity investments, and available for sale financial assets will be eliminated.

- Amendments to IFRS 7, Financial Instruments: Disclosure

Amendment to require additional disclosures on transition from IAS 39 to IFRS 9.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from management's estimates.

Information regarding significant areas of estimation, uncertainty and critical judgements made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are the following:

Share-based payments

Judgment is applied in determining the share price to be assigned to shares issued to enter into mining lease agreements.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the probability that the Issuer will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction.

Additionally, future changes in tax laws in the jurisdictions in which the Issuer operates could limit the ability of the Issuer to obtain tax deductions in future periods.

Determination of functional currency

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Issuer and its subsidiary is the Canadian dollar.

Other significant accounting estimates include the amounts accrued for restoration liabilities.

Internal Controls Over Financial Reporting

Changes in Internal Control over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Issuer will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

Management's Responsibility For Financial Statements

The information provided in this MD&A, including the consolidated financial statements, is the responsibility of management. In the preparation of consolidated financial statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the consolidated financial statements.