

**Management Discussion and Analysis  
For the three months ended July 31, 2018**

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**DISCLAIMER FOR FORWARD-LOOKING INFORMATION**

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of July 31, 2018. These assumptions, which include, management's current expectations, estimates and assumptions about the global economic environment may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) inability to locate and identify potential business acquisitions, (3) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (4) other factors beyond our control. There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. Unless otherwise required by applicable securities laws, the Issuer disclaims any obligation to update any forward-looking statements, whether as a result of new events, circumstances and information, future events or results or otherwise. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

***1.1 – Date and Basis of Discussion & Analysis***

This management discussion and analysis ("MD&A") is dated as of July 31, 2018 and should be read in conjunction with the unaudited condensed interim financial statements of Vizsla Resources Corp. for the three months ended July 31, 2018 and the audited financial statements for the period from incorporation on September 26, 2017 to April 30, 2018. The July 31, 2018 Financial Statements are prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

The financial statements were approved by the Board of Directors of the Company on September 19, 2018.

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#### **1.2 – Overall Performance**

##### **Nature of Business**

Vizsla Resources Corp. (“Vizsla Resources” or the “Company”) was incorporated as Vizsla Capital Corp. under the Business Corporations Act (British Columbia) on September 26, 2017. On March 8, 2018, the Company changed its name to Vizsla Resources Corp.

The Company’s principal business activity is the exploration of mineral properties. The Company currently conducts substantially all of its operations in Canada in one business segment.

The head office and principal address of the Company is located at 907 – 1030 West Georgia Street, h Vancouver, B.C. V6E 3B9.

On October 24, 2017, the Company entered into an Option Agreement to acquire a 100% interest in 4 mineral claims comprising the Kathleen Mountain Property located in the Princeton Mining Division in the Province of British Columbia, The Kathleen Mountain Property is the sole property of the Company.

The Company has never generated revenue or positive cash flows from operations. For three months ended July 31, 2018, the Company reported a net loss of \$12,344, a working capital deficiency of \$297 and has an accumulated deficit of \$56,805. This raises significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue its operations as intended are dependent on its ability to obtain necessary financing and raise capital sufficient to cover its operating costs.

Operations during the three months ended July 31, 2018 were primarily related to obtaining approvals from the regulatory authorities for an Initial Public Offering of the Company’s shares on the TSX Venture Exchange. The Company received a receipt from the British Columbia Securities Commission for the Final Long Form Prospectus on June 25, 2018. On September 19, 2018 the Company completed the initial Public Offering and issued 4,333,333 of its common shares at \$0.15 and 750,000 of its flow-through common shares at \$0.20 per share. See “1.16 – Subsequent Event”. Also, during the period, the Company completed the audit for its fiscal period from incorporation on September 26, 2017 to April 30, 2018.

##### **Financing**

During the period from Incorporation on September 26, 2017 to April 30, 2018 the Company issued 5,750,001 common shares for net proceeds in the amount of \$299,000. See “Share Capital”.

It is the Company’s intention to raise additional capital pursuant to an initial public offering. In connection thereto, the Company has advance to Haywood Securities Ltd \$20,000 to be applied toward the Corporate Finance Fee and legal costs associated with the offering. In addition, as at July 31, 2018 the Company has advanced filing fees in the amount of \$21,534 and has incurred legal fees and accounting fees in the amount of \$85,663 (April 30, 2018 - \$21,558) for the preparation of a Final Long Form Prospectus intended for use for the offering. The Company has reflected these expenditures in the financial statement as deferred financing costs.

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#### Kathleen Mountain Property, Princeton Mining Division, British Columbia

On October 24, 2017 (“Effective Date”), the Company entered into an option agreement to acquire a 100% interest in 4 mining claims located in the Princeton Mining District of British Columbia. To acquire the 100% interest, the Company must make cash payments of \$105,000 and issue 200,000 of the Company’s common shares as follows:

Date	Cash	Shares
Within 10 days after execution and delivery of the Agreement (paid)	\$ 15,000	-
Within 10 days after listing of the Company’s shares on the TSXV or such other public securities market or exchange	\$ 20,000	200,000
Six-month anniversary after listing of the Company’s shares on the TSXV or such other public securities market or exchange	\$ 20,000	-
Twelfth-month anniversary after listing of the Company’s shares on the TSXV or such other public securities market or exchange	\$ 25,000	-
Eighteenth anniversary after listing of the Company’s shares on the TSXV or such other public securities market or exchange	<u>\$ 25,000</u>	<u>-</u>
	<u>\$ 105,000</u>	<u>200,000</u>

During the term of the option, the Company is required to keep the claims in good standing, and to incur minimum Exploration Expenditures on the Properties of not less than an aggregate of \$300,000 as follows:

1. \$100,000 by the first anniversary of the Effective Date (incurred); and
2. an additional \$200,000 by the second anniversary of the Effective Date.

These claims are also subject to a 2% Net Smelter Return Royalty payable commencing from the date upon which the Property is put into commercial production, one-half (50%) of which can be acquired at a purchase price of \$500,000, leaving the Optionor with a 1.0% remaining Net Smelter Royalty.

Expenditure related to the properties can be summarized as follows:

	Balance April 30, 2018	Additions	Balance July 31, 2018
	\$	\$	\$
<b>Acquisition costs</b>			
<b>Additions during the period</b>			
Property option payments			
- cash	15,000	-	15,000
	<u>15,000</u>	<u>-</u>	<u>15,000</u>
<b>Exploration costs</b>			
<b>Additions during the period</b>			
Airborne geophysical survey	84,000	-	84,000
Fieldwork	2,205	-	2,205
Project management (Note 7)	14,657	-	14,657
Technical report	10,251	2,000	10,251
Travel, supplies and field expenses	1,696	-	1,696
	<u>112,809</u>	<u>2,000</u>	<u>112,809</u>
<b>Balance, end of period</b>	<u>127,809</u>	<u>2,000</u>	<u>129,809</u>

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#### 1.3 – Selected Annual Information

	2018
	\$
Sales or Revenue	-
Net Loss	44,461
Loss per share	0.00
Total Assets	277,596

#### 1.4 – Results of Operations

	Three Months Ended July 31, 2018
	\$
<b>General and administrative expenses</b>	
Amortization	237
Bank charges and interest	57
Professional fees	12,050
Net loss and comprehensive loss for the period	12,344

Operations for three months ended July 31, 2018 were primarily related to obtaining approvals from the regulatory authorities for an Initial Public Offering of the Company's shares on the TSX Venture Exchange. The Company also completed its audit for the fiscal period from incorporation on September 26, 2017 to April 30, 2018.

There were no investor relations arrangements entered into during period ended July 31, 2018. There were no legal proceedings, contingent liabilities, and defaults under debt or other contractual obligations, breach of any laws or special resolutions during the period ended July 31, 2018.

During the three months ended July 31, 2018, the Company incurred operating expenses of \$12,344 including amortization of computer equipment in the amount of \$237, bank charges in the amount of \$57, and professional fees incurred for audit services in the amount of \$12,050.

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#### 1.5 – Summary of Quarterly Results (Unaudited)

The following table sets out selected quarterly information for the eight most recent quarters:

Fiscal quarters ended July 31, 2018	July 31, 2018 \$	April 30, 2018 \$	February 28, 2018 \$	November 30, 2017* \$
Sales or Revenue	-	-	-	-
Income (loss)	(12,344)	(23,506)	(20,898)	(57)
Income (loss) per common share	(0.00)	(0.00)	(0.00)	(0.00)

- For the period from Incorporation on September 26, 2017 to November 30, 2017

#### 1.6 – Liquidity and Capital Resources

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2018 the Company had a cash balance of \$38,926 (April 30, 2018 - \$90,778) to settle accounts payable and accrued liabilities of \$43,385 (April 30, 2018 - \$5,625). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

During the three months ended July 31, 2018, cash derived from operating activities was \$5,433, cash used in investing activities was \$2,000 and cash used in financing activities was \$55,285. Cash decreased by \$51,852 during the period.

Shareholder's equity as at July 31, 2018 was \$242,195 (April 30, 2018 - \$254,539). The Company will need to raise additional sources of funding to maintain operations at the currently level. The Company has raised share capital of \$299,000 during the period from Incorporation on September 26, 2017 to July 31, 2018. Although the Company has been successful in the past in raising the necessary funding to continue operations, there can be no certainty it will be able to do so in the future.

#### 1.7 – Capital Resources

The capital resources of the Company as at July 31, 2018 are primarily its cash of \$38,926 (April 30, 2018 - \$90,778). The Company will require additional financing to fund any anticipated operating expenses, to conduct exploration programs or for future acquisitions. The Company anticipates funding future expenditures through an Initial Public Offering and additional equity subscriptions, such as private placements or through the exercise of warrants and options. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or for the amounts desired or that it can be obtained on terms acceptable to the Company and its shareholders.

If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced, and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock.

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#### **1.8 – Off Balance Sheet Arrangements**

As at July 31, 2018, there were no off-balance sheet arrangements to which the Company was committed.

#### **1.9 – Transactions with Related Parties**

During the three months ended July 31, 2018, the Company has the following related party transactions:

- (a) Included in exploration and evaluation assets is \$Nil (April 30, 2018 - \$14,657) paid to a Max Investment Corp, a company controlled by a Director of the Company (Christopher Dyakowski) for project management services, and \$Nil (April 30, 2018 - \$1,575 for fieldwork paid by the company to the Christopher Dyakowski.
- (b) Included in deferred finance costs is \$7,500 (April 30, 2018 - \$Nil) payable to the Company's Chief Financial Officer (Kenneth Phillippe) for services rendered in connection to the Company's Initial Public Offering. Included in accounts payable as at July 31, 2017 is \$7,875 (April 30, 2018 - \$Nil) owed for these services and related sales taxes.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Include in due from delated party as at July 31, 2018, the Company has \$Nil (April 30, 2018 - \$13,324) due from the Company's Chief Executive Office (Michael Konnert) for funds advanced.

#### **1.10 – Fiscal Quarter ended July 31, 2018**

During the three months ended July 31, 2018, the Company incurred operating expenses of \$12,344 including amortization of computer equipment in the amount of \$237, bank charges in the amount of \$57, and professional fees for audit services in the amount of \$12,050.

#### **1.11 – Proposed Transactions**

With the exception of the property option agreement for the Kathleen Mountain Property and the Initial Public Offering described above, the Company has no pending or proposed transactions at July 31, 2018.

#### **1.12 – Critical Accounting Estimates**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and related disclosure. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgment is used mainly in determining how a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

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Significant areas where management's judgment has been applied include:

- Impairment of exploration and evaluation assets (E&E assets)  
In accordance with the Company's accounting policy, the Company's E&E assets are evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use.

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, metal prices, future plans for the Company's mineral properties and mineral resources and/or reserve estimates.

Management has assessed for impairment indicators for the Company's E&E assets and has concluded that no indicators of impairment were identified, and the Company plans to continue with its objective of developing the Kathleen Mountain Mineral Property.

- The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year as they fall due, and to fund planned and contractual exploration programs, involves judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

Significant areas requiring the use of management estimates and assumptions include:

- Assessing whether deferred tax assets and liabilities are recognized in accordance with IAS 12, *Income taxes*.

#### **1.13 – Changes in Accounting Policies – International Financial Reporting Standards (“IFRS”)**

The Company has not yet applied the following new standards, interpretations or amendments to standards that have been issued as at July 31, 2018 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations and intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material, unless otherwise stated.

##### **Future Changes in Accounting Policies**

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

##### *IFRS 9 Financial instruments (“IFRS 9”)*

IFRS 9, issued on July 24, 2014, is the IASB's replacement of IAS 39, Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 introduces new requirements for the classification and measurements of financial assets. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities and amends the impairment model by introducing a new “expected credit loss” model for calculating impairment. It also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. The mandatory effective date

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of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. The Company currently does not practice hedge accounting, but will continue to evaluate the impact of the change to the consolidated financial statements based on the characteristics of financial instruments outstanding at the time of adoption of IFRS 9.

#### *IFRS 16, Leases (“IFRS16”)*

IFRS 16 was issued on January 13, 2016 and replaces the current guidance in IAS 17, Leases (“IAS17”). IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS16’s approach to lessor accounting substantially unchanged from IAS17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted.

Other new standards or amendments are either not applicable or not expected to have a significant impact on the Company’s financial statements.

#### **1.14 – Financial Instruments and Other Instruments**

The Company’s financial instruments are exposed to certain financial risks, including liquidity risk, credit risk and interest rate risk.

##### *Liquidity risk*

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. Refer to note 1 for further details related to the ability of the Company to continue as a going concern. The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2018, the Company had a cash balance of \$38,926 (April 30, 2018 - \$90,778) to settle accounts payable and accrued liabilities of \$43,385 (April 30, 2018 - \$5,625). All of the Company’s financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Historically, the Company’s sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company’s access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

##### *Credit risk*

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. Cash is held with reputable banks in Canada. The long-term credit rating of these banks, as determined by Standard and Poor’s, was A+.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. An immaterial amount of interest rate exposure exists in respect of cash balances on the statement of financial position. As a result, the Company is not exposed to material cash flow interest rate risk on its cash balances.

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#### *Fair value hierarchy*

The Company applied the following fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company's financial instruments are cash and accounts payable and accrued liabilities. Cash is measured at fair value and is considered to be Level 1 instruments.

Financial instruments that are not measured at fair value are represented by other receivable and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying value due to their short-term nature.

#### **1.15 – Other MD&A Requirements**

##### **Share Capital**

The total number of common shares issued and outstanding as at July 31, 2018 and April 30, 2018 was 5,750,001.

##### Disclosure of Outstanding Share Data

- Authorized: Unlimited common shares without par value
- Issued and outstanding:

	Issue Price	Number of Shares	Proceeds
Upon Incorporation	\$0.01	1	\$ 0
Private placement	\$0.005	1,700,000	\$ 8,500
Private Placement	\$0.05	200,000	\$ 10,000
Private Placement – flow through	\$0.05	1,950,000	\$ 97,500
Private Placement	\$0.10	900,000	\$ 90,000
Private Placement – flow through	\$0.10	1,000,000	\$ 100,000
Share Issue Costs			\$ (7,000)
<b>Total as at July 31, 2018 and April 30, 2018</b>		<b>5,750,001</b>	<b>\$ 299,000</b>

As at July 31, 2018 and April 30, 2018, 5,750,001 common shares with no par value were issued and outstanding.

During the period from incorporation on September 26, 2017 to July 31, 2018 the Company issued Common Shares of the Company (the "Shares") as follow:

- 1 Share at a price of \$0.01 per Share upon Incorporation.
- 1,700,000 Shares at a price of \$0.005 per Share for gross proceeds of \$8,500.

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- 200,000 Shares at a price of \$0.05 per Share for gross proceeds of \$10,000.
- 1,950,000 flow-through Common Shares of the Company (the “FT Shares”) at a price of \$0.05 per FT Share for gross proceeds of \$97,500. Each FT Share is a Common Share of the Company that qualifies as a “flow-through share” within the meaning of the Tax Act.
- 1,000,000 flow-through Common Shares of the Company (the “FT Shares”) at a price of \$0.10 per FT Share for gross proceeds of \$100,000. Each FT Share is a Common Share of the Company that qualifies as a “flow-through share” within the meaning of the Tax Act. In connection therewith, the Company paid a cash finders fee in the amount of \$3,500.
- 900,000 Shares at \$0.10 per Share for gross proceeds of \$90,000. In connection therewith, the Company paid a cash finders fee in the amount of \$3,500.

#### iii) Flow-through shares

The Company issued 1,950,000 common shares on a flow-through basis at a price of \$0.05 per share for gross proceeds of \$97,500 and 1,000,000 common shares on a flow-through basis at a price of \$0.10 per share for gross proceeds of \$100,000 (see above.)

The Company renounced the total proceeds of \$197,500 on a look-back basis as of December 31, 2017. As at July 31, 2018, the Company has incurred approximately \$98,152 of qualified expenditures.

As at July 31, 2018 there were no stock options or warrants outstanding.

Also, see “1.16 - Subsequent Event”.

#### **1.16 – Subsequent event**

On September 19, 2018 the Company completed its initial public offering of its common shares and listing as a Tier 2 company on the TSX Venture Exchange, pursuant to which it issued 4,333,333 of its common shares at \$0.15 per share and 750,000 of its flow-through common shares at \$0.20 per share for gross proceeds of \$800,000. The Company paid the agent a corporate finance fee of \$25,000 and reasonable expenses associated with the offering. Upon closing the Company paid a cash commission of 7% of the aggregate gross proceeds of the offering to the agent in the amount of \$56,000. The Company also granted 355,833 non-transferable warrants to the agent and its sub-agents. Each warrant is exercisable by the agents to purchase an additional common share of the Company at a price of \$0.15 per share until September 19, 2020.

## **RISK FACTORS AND UNCERTAINTIES**

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties, currently in British Columbia, Canada. Due to the nature of the Company’s business and the present stage of exploration of its mineral properties (which are primarily early stage exploration properties with no known resources or reserves), many risk factors will apply. The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company may also impair the business operations.

### **Going Concern and Financing Risks**

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. Although the Company has been successful in the past

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in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

**Insufficient Financial Resources**

The Company does not presently have sufficient financial resources to meet obligations when they become due, undertake by itself the acquisition, exploration and development of all of its planned acquisition, exploration and development programs. Future property acquisitions and the development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing, short or long term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties.

**General Economic Conditions**

The recent events in global financial markets have had a profound impact on the global economy. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. These factors could have a material adverse effect on the Company's financial condition and results of operations.

**Share Price Volatility**

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of our Company. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

**Dependence on Others and Key Personnel**

The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its mineral properties; (ii) the ability to produce minerals from any mineral deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities.

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**Government Regulation**

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to prospecting, development, production, environmental protection, mining taxes, labor standards, property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

**Competition**

The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

**Fluctuation of Metal Prices**

Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

**Title Matters**

Although the Company has taken steps to verify the title to the mineral properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers and may also be affected by undetected defects or the rights of indigenous peoples. Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties for which titles have been issued are in good standing.

**Uncertainty of Resource Estimates/Reserve**

Unless otherwise indicated, mineralization figures presented in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by Company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable.

**Limited Experience**

The Company has very limited experience in placing mineral resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering

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into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource properties into production.

**Speculative Business**

Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There is no known resource, and there are no known reserves, on any of the Company's properties.

**Permits and Licenses**

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out its projects, on reasonable terms or at all. Delays, or a failure to obtain such licenses and permits, or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

**Dilution to the Company's Existing Shareholders**

The Company will require additional equity financing to be raised in the future. The Company may issue securities at less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.