

BERKWOOD RESOURCES LTD.

Management's Discussion and Analysis For the Year Ended February 28, 2018

DATE OF REPORT June 26, 2018

The following Management's Discussion and Analysis of Berkwood Resources Ltd ("the Company") has been prepared as of June 26, 2018, should be read in conjunction with the audited consolidated financial statements for the years ended February 28, 2018 and 2017 and related notes attached thereto, which are prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated.

Description of Business

The Company was incorporated under the Companies Act of British Columbia. The Company is engaged in the acquisition, exploration and development of natural resource properties. The Company is trading on the TSX Venture Exchange under the symbol BKR.

The Company has yet to receive any revenue from its natural resource exploration operations. Accordingly, the Company has no operating income or cash flows. Its continued existence has relied almost exclusively upon equity financing activities, which is not expected to significantly change in the immediate future.

Dependence on Management

The Company strongly depends on the business and technical expertise of its management and there is little possibility that this dependence will decrease in the near term.

Forward Looking Information

Certain statements in this Management Discussion and Analysis constitute forward-looking statements under applicable securities legislation. Forward-looking statements or information typically containing statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose" or similar words suggesting future outcomes or statements regarding, and outlook. Forward-looking statements or information in this Management Discussion and Analysis include, but are not limited to, statements regarding:

- Business objectives, plans and strategies;
- Exploration objectives, plans and strategies; and,
- Certain geological interpretations and expectations.

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to other assumptions identified in this Management's Discussion and Analysis, assumptions have been made regarding, among other things:

- The ability of the Company to continue to fund its operations through financings, options and joint ventures;
- The ability of the Company to obtain equipment, services and supplies in a timely manner to carry out its activities;
- The level of exploration activities and opportunities;
- The ability of the Company to retain access and develop its mineral claims; and
- Current and future mineral commodity prices.

Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a

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number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Company and described in the forward-looking statements or information. These risks and uncertainties include but are not limited to:

- The ability of management to execute objectives, plans and strategies;
- Exploration, development and operational risks inherent in the mining industry;
- Market conditions;
- Risks and uncertainties inherent in geology and exploration for deposits;
- Potential delays and changes in plans;
- The Company's ability to retain land tenure;
- Uncertainties regarding financings and funding;
- General economic and business conditions;
- Possibility of governmental policy changes;
- Changes in First Nations policies; and
- Other risks and uncertainties described within this document.

The forward-looking statements or information contained in this Management Discussion and Analysis are made as of the date hereof and the Company undertakes no obligation to update publically or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities law.

OVERALL PERFORMANCE

- The Company had working capital of \$1,639,058 as at February 28, 2018 (February 28, 2017 – working capital of \$168,985).
- The Company incurred a net loss of \$4,524,731 for the year ended February 28, 2018, as compared to a net loss of \$1,199,432 in the same period of 2017.
- On March 17, 2017, the Company consolidated its common shares on the basis of 5 pre-consolidation common shares for 1 post-consolidation common share.
- On May 2, 2017, Mr. Ian Graham was appointed director of the Company.
- On June 01, 2017, Mr. Binny Jassal was appointed as a director of the Company.
- On June 01, 2017, Mr. Bradley Hoepfner resigned as a director of the Company.

PROPERTY ACQUISITIONS

Cobalt Fold Property, Quebec

On June 5th, 2017 The Company has entered into an agreement to acquire 1084422 B.C. Ltd., a private B.C. Company, which sole asset is the Cobalt Ford Property. The Cobalt Fold Property ("the Property") is located in the Côte-Nord area of Quebec. The Property is made of one block of 40 claims, totaling approximately 2,176.19 hectares or 21.76km². The property is situated near extensive infrastructure. The Manic 5 hydro electrical dam is located approximately 15 km south of the Property and can provide lodging, food and other services as well as an airport.

Geological mapping in the area of the Property was performed in 1977, 1997, 2005 and 2006, and revealed the presence of multiple sulphide mineralization. Cobalt values of 904.3ppm and 1480ppm have been returned from rock sampling. A drilling campaign happened in 2006, which focused on the western

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half of the property. In 1996, 2004 and 2006, airborne magnetic and radiometric surveys were performed over the property.

The property contains three base metal showings. The Lac Paradis 1 showing is located on the western part of the property and was drilled by Quinto Technology. Best results returned 4.64% Ni, 2.37% Cu, 0.12% Co, 19ppb Pt, 110ppb Pd and 168ppb Au. In the center of the property is the anomaly EM C2 showings which returned up to 1554ppm Cu, 229ppm Ni and 5.6ppm Ag. On the eastern part of the property is the anomalies EM E2 showing, which returned up to 0.19% Cu, 0.09% Ni, 0.04% Co and 3.1ppm Ag.

In the vicinity of the Property there are numerous base metal showings. Approximately 6km south of the Property is the Anomalies EM H1-H2. Grab samples were collected and the best samples returned 0.16% Ni, 0.67% Cu and 0.02% Co. Located 10km east of the Cobalt Ford Property is the anomaly K15L2. Grab samples were collected on this anomaly and the best samples returned 0.50% Cu. Figure 1 shows the location of the showings and the claim package. The Company intends to explore the Property using till sampling and prospecting as part of its summer exploration program.

The acquisition is an arm's-length transaction in which the Company will issue 2,400,000 common shares (Issued) by way of a share exchange agreement and a cash payment of \$15,000. There are no royalties payable and the Company will own 100 % of the property.

The acquisition has been approved by TSX Venture Exchange.

On January 16th, 2018 the Company announced it is designing an exploration program on its wholly owned Cobalt Ford Property (the "Property") located approximately 180 km northwest of Baie Comeau, Quebec.

The Company has conducted a preliminary review of historic exploration and is currently designing an exploration program that is considering a detailed unmanned aerial vehicle magnetometer survey ("UAV-MAGTM Survey") offered by Pioneer Aerial Surveys Ltd, ("Pioneer"). The innovative survey would be flown to modernise project baseline data and to identify high-priority targets for follow up ground testing. The survey is expected to offer high quality data at reduced cost in comparison with conventional magnetics data collection.

Pioneer has extensive experience flying Unmanned Aerial Vehicle ("UAV") based magnetometer and remote sensing surveys for the mining and exploration sector and has successfully flown over 12,000 line km in surveys across North America.

Delbreuil Project, Quebec

On July 11th, 2017, the Company announced that it has acquired from 1124026 B.C. Ltd a package of 53 claims located over a lithium rich zone of the Abitibi area, east of Simon Lake, Quebec, which the company has named the Delbreuil Lithium Project (the "Project"). The property is easily accessible by main and secondary roads, and is located in a region characterized by other known occurrences of lithium (Li).

The Delbreuil Project acquisition transaction comprises payment to 1124026 B.C. Ltd of 2,100,000 common shares (issued) and \$15,000. The transaction remains subject to TSX-V approval.

The acquired claims have similar geology to other known lithium showings in the immediate area: the known occurrences on the Project property and on the other known occurrences comprise pegmatites that host spodumene. The Project claims were previously explored for base metals: among the historic data is an assay on a sample recovered from pegmatite that returned anomalous lithium (1,290 ppm), tantalum (126 ppm) and rare earth elements. These elements are good pathfinders for pegmatite dykes that have the potential to host Li and other commodities.

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Historic work on the project confirms the occurrence of mafic and granitic rocks, the latter including known late stage pegmatite intrusions. Satellite images over the project extend the evidence for the presence of multiple outcrops are consistent with the mapped granites, and have high potential for hosting pegmatite intrusions. The Company intends to rapidly assess the claims for further pegmatite occurrences, the targeted host rocks of lithium mineralization.

The Property also includes the Delbreuil base metal showing with historic assays on drill core of up to 3.4% Zn, 0.27% Ni, 0.38% Cu, 4.1 g/t Ag and 0.06% Co. Also located on the Project property, the Nodier showing includes assayed Zn mineralization, with up to 1.1% Zn reported.

In the vicinity of the Property, multiple lithium showings are known, including the Lac Simard showing with up to 1.3% lithium. The Debreuil Property was not previously subject to specific lithium exploration so the Company is currently planning a phase 1 survey consisting of prospecting, mapping and till sampling to better define the lithium potential of the Property.

Lac Gueret South Extensions Project

On August 29, 2017, the Company has acquired a further two hundred and ninety five (295) claims in its Lac Gueret Extensions project (South & East blocks) region, to extend the previously held 3,942Ha (hectares) covered by 73 claims to a new total of 19,884Ha covered by 368 claims. The newly controlled claims were acquired by direct staking (95 claims, 5,122Ha) and by purchase of additional claims from Mr. Francois Marcotte, an experienced area prospector (200 claims, 10,820Ha).

The Company paid \$25,000 and has issued 125,000 common shares of the Company. The transaction has been approved by TSX.

On February 27, 2018, the Company increased in landholding at the Company's 100% owned Lac Gueret Project. The acquisition is an arm's-length transaction in which the Company has issued 2,800,000 common shares by way of a share exchange agreement and paid \$25,000.

The recent acquisition takes Berkwood's Lac Gueret land package to 25,180 ha, by far the largest in the region.

Roscoe Vanadium Property, Quebec

On October 13, 2017, the Company announced that it has acquired the Roscoe Vanadium Property in the Cote-Nord area, Quebec. The Roscoe Property (the "Project") comprises forty (40) claims totalling 2,189.19Ha (21.89km²) in an area of known iron-titanium-vanadium mineralization and features certain historic work and more recent airborne geophysical surveys. The Project property is easily accessible by main and secondary (dirt logging) roads and is located about 250km north of the Baie-Comeau municipality. Berkwood is acquiring the Project by payment to 1129961 B.C. Ltd of 1,500,000 common shares (issued) and \$15,000. Berkwood will own 100% of the property with no royalties attached.

The transaction has been approved by TSX.

MINERAL PROPERTIES

Lac Gueret East property, Quebec

The Company entered into an option agreement dated May 18, 2012, as amended December 5, 2012, to acquire a 100% interest in the Lac Gueret East Property. The agreement was approved by the Exchange

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on June 8, 2012. The Company entered into an amended agreement with the optionors dated December 5, 2012.

Under the terms of the option agreement, the Company may acquire a 100% interest in the Lac Gueret East graphite property by making cash payments and issuing the Company's securities as set forth below:

- (i) On signing of the option agreement: \$25,000 (paid);
- (ii) Within seven days of the date of approval of the agreement by the Exchange: \$35,000 (paid) and 50,000 units (issued). Each unit comprises one common share and one common share purchase warrant, exercisable for 24 months at \$0.45 to acquire an additional common share;
- (iii) Within six months of the date of approval of the agreement by the Exchange: \$30,000 (paid) and 16,667 common shares (issued) (amended from \$75,000 and 33,333 common shares);
- (iv) Within 12 months of the date of approval of the agreement by the Exchange: \$30,000 (paid) and 8,333 common shares (issued) (amended from \$75,000 and 25,000 common shares); and
- (v) Within 18 months of the date of approval of the agreement by the Exchange: \$30,000 (paid) and 8,333 common shares (issued) (amended from \$75,000 and 25,000 common shares).

The total cash payable to the optionors was reduced from \$285,000 to \$150,000 and the number of common shares issuable to the optionors was reduced from 83,333 common shares to 33,333 common shares.

The finder's fee payable in conjunction with this transaction was reduced to 8% of the cash paid and shares issued under the amended agreement.

A 2% NSR is payable to the optionors on all metals produced from the property. The Company has the right at any time to buy back 1% of the NSR from the optionors for \$1,000,000.

During the year ended February 29, 2016, certain claims lapsed and management concluded that the Company would not perform further exploration on the Lac Gueret East Property, and accordingly, indicators of impairment existed leading to an assessment of the recoverable amount of the property, which resulted in an impairment loss of \$217,907. A value in use calculation was not applicable as the Company does not have any expected cash flows from using the property based on its stage of development. In estimating the fair value less costs of disposal, management had unobservable inputs to estimate a recoverable amount of \$1,000, representing the estimated restaking costs. As this valuation technique requires management's judgment and estimates of the recoverable amount, it is classified within Level 3 of the fair value hierarchy.

At present, the Company does not have any plan to work on this property, therefore this property has been written off during the year end February 28, 2018.

Lac Gueret South property, Quebec

The Company entered into an option agreement dated July 26, 2014 to acquire 100% interest in the Lac Gueret South Property. The agreement was approved by the Exchange on August 13, 2014. Under the terms of the option agreement, the Company may acquire a 100% interest in the Lac Gueret South graphite property by making cash payments and issuing the Company's securities as set forth below:

- (i) On signing of the option agreement: \$15,000 (paid);
- (ii) Within seven days of the date of approval of the agreement by the Exchange: \$10,000

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- (paid) and 150,000 units (issued). Each unit comprised one common share and one common share purchase warrant, exercisable for 24 months at \$0.10 to acquire an additional common share;
- (iii) Within thirty days of the date of approval of the agreement by the Exchange: \$10,000 (paid);
 - (iv) Within six months of the date of approval of the agreement by the Exchange: \$25,000 (amended to be due July 29, 2016) (paid); and
 - (v) Within 12 months of the date of approval of the agreement by the Exchange: \$25,000 (amended to be due January 29, 2017) (paid).

On July 27, 2016, the Company received \$25,000 for the option payment due July 29, 2016 from a third party as a non-interest bearing loan and repayment required within six months. During the year ended February 28, 2017, the Company repaid this loan in full to the third party.

A 2% NSR is payable to the optionors on all minerals produced from the property. The Company has the right at any time to buy-back 2% of the NSR from the optionors for \$1,000,000.

During the year ended February 29, 2017, certain claims lapsed and accordingly, indicators of impairment existed leading to an assessment of the recoverable amount of the property, which resulted in an impairment loss of \$43,000.

The Lac Gueret South Graphite property consists of 74 claims totaling 5,714 hectares and borders the southern boundary of Mason Graphite's Lac Gueret project, where a National Instrument 43-101-compliant mineral resource estimate with measured and indicated mineral resources of 50 million tonnes grading 15.6% Cgr (including 6.6 million tonnes grading 32.4% Cgr) was announced (see Mason Graphite public disclosures on www.sedar.com).

On August 29, 2017 the Company expanded its Lac Gueret Extensions project (South & East blocks). Owing to the success of its Phase 1 drill program since commencement, the Company decided to immediately acquire more claims adjacent to and on-trend with Mason Graphite. In response Berkwood acquired a further two hundred and ninety five (295) claims in its Lac Gueret Extensions project (South & East blocks) region, to extend the previously held 3,942Ha (hectares) covered by 73 claims to a new total of 19,884Ha covered by 368 claims. The newly controlled claims were acquired by direct staking (95 claims, 5,122Ha) and by purchase of additional claims from Mr. Francois Marcotte, an experienced area prospector (200 claims, 10,820Ha).

On April 20, 2016, the Company announced that it had received analytical results from grab samples taken from the Zone 1 and Zone 2 geophysical anomaly areas on the Lac Gueret South graphite project in Quebec. These large anomaly areas were defined during geophysical surveys in 2014 and 2015 and are almost entirely hidden under muskeg and soil with only rare outcrops of bedrock exposed through the muskeg in their vicinities. A total of 11 rock grab samples were collected in the vicinity of the Zone 1 anomaly and returned analyses averaging 4.99 per cent Cgr (carbon as graphite) within a range of 0.04 per cent Cgr to 36.3 per cent Cgr. Only one bedrock sample was found and collected in the vicinity of the Zone 2 anomaly, which returned an analysis of 0.49 per cent Cgr.

The presence of significant values of carbon as graphite found in the vicinity of these mainly hidden large geophysical anomalies was interpreted to indicate that the anomalies are probably large graphite zones, and a program of drilling at Zone 1 was announced and commenced. The drilling work commenced on August 17th and confirmed that Zone 1 comprises extensive *in situ* accumulations of Cgr: by August 31st 2017 the Company had drilled seven (7) drill holes (BK1-01-17 through BK1-07-17) on four sites for a total of 851.7m, and had recognized discrete visual graphite intercepts in all of the drill holes including the first two drill holes located at Site # 1, two holes located at Site # 2, two holes at Site # 3 and an initial hole at Site 4. The intercepts of visually determined Cgr for the above holes were reported to the public on August 22nd (the initial two holes) and August 31st (through hole -07). Readers are cautioned

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that the visual results as released may not correlate with detailed assays and that the drill intercepts do not represent true widths of the graphite bearing zones intercepted. The drill program continued following the period to complete 13 diamond drill holes were completed from nine (9) separate drill sites for a total of 1,806.54m drilled. Targeted graphite ("Cgr") was intersected in every hole drilled in the initial drill program, and the Company has announced plans to pursue further work on the Zone 1 and Zone 2 anomalies in order to further evaluate the size, continuity, quantity and quality of the graphite mineralization. On November 28th, 2017, the assay results from the drill program comprising 13 holes on Zone 1 were announced, and confirmed the visually reported Graphite showing average grades in the range of 14.39 to 25.52% Cgr and true thicknesses ranging 22.1 to 40.3 m. The news release provided tabulated data for the significant intervals assayed for each of the holes in the Program. The analyses show that the thick unit on Section 3100E as well as shorter intervals showed a similar range of grades that occurs at Mason Graphite's Lac Gueret deposit nearby. The cut-off grade used to define the intervals was the same 5% Cgr level used for Mason's Lac Gueret resource and reserve estimations as published on SEDAR. Three levels of graphite concentration were codified in the field based on local observations as well as personnel experience from Lac Gueret: graphite-bearing schist less than 5% (to 3%) Cgr as low grade; graphite schist with grades between 5% and 25% Cgr as medium grade; and high grade (HiG) material where the sample grades exceeded 25% Cgr and makes visual estimation is impossible in core.

On November 22nd 2017, the Company announced mobilization of drill to test Zone 2 for graphite. Following the assay confirmation of Zone 1 results, the Company announced on November 30th that it had moved the drill from its Zone 2 anomaly back to Berkwood's Zone 1 Graphite Body where the Company had successfully assayed average Graphite grades in the range of 14.39 to 25.52% Cgr and true thicknesses ranging 22.1 to 40.3 m. The drill program on Zone 2 was stopped as no significant graphite was intersected and in order to focus the Company's efforts on the Zone 1 deposit as significant exploration risk had been mitigated with the assays on the Phase 1 drill program. That, and the fact that most of the anomaly had not been drill tested, increased Zone 1 as a priority area.

On December 8th, 2017, the Company announced that it has completed the first hole of the Phase 2 drill program on Berkwood's **Zone 1 Graphite Body**. The Company has drilled a massive Graphite intercept of over 70 meters in length and close to surface. The Company's Phase 2 drill program on the **Zone 1 Graphite Body** was targeted based on the Phase 1 drill program's successful results whereby the Company demonstrated average Graphite grades in the range of 14.39 to 25.52% Cgr and true thicknesses ranging 22.1 to 40.3 m. (see the news release dated November 28th, 2017) This Phase 2 drill program is designed to delineate the size and geometry of this Graphite body

The **Zone 1 Graphite Body** is a very large conductive and magnetic system with a 2.2 km east-west strike length and 0.6 km width. It shows two parallel zones that may be a large-scale fold. The Phase 1 drill program on Berkwood's **Zone 1 Graphite Body** focused on only a small western portion of the geophysical anomaly. The Company was waiting for the Phase One drill program assay results to determine if a Phase 2 drill program would commence on the **Zone 1 Graphite Body**, as well as determine the best location to commence the Phase 2 drill program. Significant exploration risk has been mitigated with the assays on the Phase 1 drill program. That, and the fact that most of the anomaly has not been drill tested, increases Zone 1 as a priority area.

Phase 2 drilling started on Berkwood's **Zone 1 Graphite Body**, with BK1-14-17 on 4 December 2017. The planned series of holes are located around Section 3100E, which had the best graphite intersections in the Phase 1 program. The Phase 2 drill program has started with a series of eight drill holes planned across the previous north trend to delimit the structures and use a core orientation system to define the actual foliation strikes and dips. These will be completed by December 19th, 2017. The first hole was successful in intersecting a key zone found in the Phase 1 drilling. The hole was sited about 40 m east of Site #2 where holes BK1-03-17 and BK1-04-17 drilled to the north intersected significant graphite intervals as previously reported with analyses. BK1-14-17 was drilled to the east with a -60° inclination and reached 109.7 m length. The TruCore alignment system showed the foliation was subvertical to steep east-dipping and had azimuths between 340° to 010° with most close to 360°. The

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geology summary with graphite and sulphide visual estimates is 19.4 – 50.5 m (31.1 m) Graphite quartz schist, with graphite visual estimates range from 20% to 30%+ Cgr ("carbon as graphite") and a variety of graphite textures and medium flakiness.

50.5 – 80.2 m (29.7 m) High-grade graphite with 25+% Cgr..

80.2 – 90.9 m (10.7 m) Graphite-quartz-biotite schist; Gr 20% to 25% Cgr in fine to coarse flakes.

The combined graphite interval of 60.8 m core length is 51 m true width, based on foliation attitudes is about 27.6 m, similar to true widths previously drilled.

Samples are being saw-cut and will be sent to MS Analytical Laboratories in Langley, BC., at the end of the Phase 2 drill program, as were the Phase 1 samples. DDH BK1-15-17, on the same site, is oriented at 270° azimuth and -45° inclination to test the orientation and grade of graphite intervals in the two holes on Site #2. Eight holes are planned for a total of about 850 m before the Christmas shutdown. Drilling is planned to recommence in early January 2018.

The new program has already demonstrated some details in the Zone 1 graphite deposit geometry as well as continued strong, contiguous grades over significant continuous lengths.

On December 21st, 2017 the Company announced that it has completed the first five drill holes on the phase two drill program on the Company's Zone 1 Graphite body. All five of the holes drilled in the phase 2 drill program on the Company's Zone 1 Graphite Body was successful in intersecting large intervals of graphite mineralisation.

Four HQ holes were drilled on an east-west line that crosses the area on Section 3100E around the initial holes BK1-03-17 and BK1-04-17, drilled on a northerly azimuth, and a fifth started another section to the north. The five holes totalled 719 m of HQ drilling.

The results of these five drill holes are as follows.

BK1-14-17 collared about 25 m east of the section line at 090° at -60°, as per the news release dated December 8th, 2017. The oriented core used in Phase 2 indicated that the foliation dipped sub vertically and had an azimuth to the north-northwest.

BK1-15-17 collared about 10 m west of BK1-14-17 on the same site as BK1-14-17 with a 270° azimuth and inclined at -45° west to a length of 145.35 m. The major graphite interval started at 47.2 m and ended at 116.2 m. The graphite zone was 69 m in core length and continuous with an estimated true width of 56 m. The last few runs intersected several narrower graphite intervals.

BK1-16-17 collared on a new site ~25 m west of BK1-15-17, just west of Section 3100E with an azimuth of 090° and inclination of -60° east with a length of 145.35 m again. It intersected continuous graphite of typical grade ranges from high-grade to medium and less low grades from 18.3 to 125.4 m (107.1 m). The true width is about 61 m.

BK1-17-17 was sited east of BK1-16-17 to create a scissors intersection at the tops of the holes for geological overlap. It is oriented 270° azimuth and inclined at -45° west to a length of 186 m. It intersected a major graphite zone from 47.7 – 138.5 m (90.8 m) with a true width of 53.3 m. Several narrower graphite zones occur down to 162 m. The Attikamagen Formation, the basement formation below the graphite and iron formation stratigraphy, was intersected in the lowest 10 m; it projects just west of the geophysical anomaly.

BK1-18-17 started from a new east-west line about 85 m north of the first east-west section and is near the site of BK1-05-17 and BK1-06-17 in Phase 1. It is collared just east of Section 3100E with an azimuth of 090° and inclination of -55° east with a length of 124.67 m. One significant graphite zone of medium and high-grade types was intersected from 57.3 to 70.3 m (13.0 m). The rest of the hole was in the typical mixed lithology seen in all the adjacent holes around the graphite zone(s).

On March 9th, 2018, the Company announced the immediate resumption of resource expansion and definition drilling on Zone 1 at the Company's 100% owned Lac Gueret Project.

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The Phase 3 program is currently underway and includes a planned 1,500m of drilling in nine HQ diamond drill holes to further test for strike continuity of mineralization along the target regional conductor, to improve our understanding of the orientation of the mineralized horizons, and to further define graphite mineralization at the Zone 1 Graphite Prospect. The Company is focused on Zone 1 because all 18 holes drilled to date have returned significant graphite intervals.

The Company is engaged with certain work dedicated to characterization of features of the mineralization relevant to its suitability for entry to the global graphite market: initial findings will be made available to the public in the very near term.

On March 16th, 2018, the Company announced that it has successfully completed its 9-hole Phase 3 definition drilling program on Zone 1 at the Company's 100% owned Lac Gueret South Project. The Program was designed to constrain the southwestern and southern margins of mineralization, and to probe aspects of the structural (fold) model being developed for western Zone 1. Drilling continued to intersect substantial graphite ("Cgr"), with all nine holes hitting graphite and eight of the holes returning significant intercepts of Cgr.

"So we begin the exciting but painstaking work required to unravel the structural and geological disposition of the Lac Gueret South Zone 1 graphite deposit, as Berkwood endeavours to chart a focussed and efficient program to define the potential for an economically mineable resource there. Field crews have been on site at Lac Gueret since early February to perform detailed structural logging and analysis of previous drill core – and we are increasing our structural capabilities through new collaboration with Terrane Geosciences. We are making progress in stages, and continue with each successive Phase to build on the great results we have enjoyed since discovery," states Tom Yingling, President and CEO. *"Critically, the exploration potential for a significant graphite deposit continues to be supported by the Phase 3 campaign".*

The 1,500m program continued to use oriented core techniques, and Tony Gilman of Terrane Geosciences was stationed at site at the start of Phase 3 to review structures in Phase 2 and 3 oriented core and to train the field team for detailed structural data collection. Terrane Geosciences will be merging these structural data with existing geology logs in preparation for Phase 4 work planning.

The continued testing of the western end of Zone 1 supports a model for the graphite horizons probably being folded at the western end of the geophysical anomaly. Several other examples of similar folding in the basement rocks that are observed within an 8-kilometer radius of the deposit show that arcuate fold patterns on the scale of the Zone 1 occurrence are common in the area. Further drill testing is required to continue to define the continuity and structural disposition of the mineralised intervals. In addition to drilling, and when snow conditions permit, the Company is considering an in-hole / intra-hole electromagnetic survey (mise a la masse, "MALM") that charges specific graphite horizons which can then be traced between holes and on the surface.

Sampling: Some 258 sawn core samples from Phase 3 drilling are to be shipped to MS Analytical Laboratories in Langley, BC for treatment under the same analytical procedures applied to the samples from previous programs. Of the 258 samples, 201 were graphite-bearing rock; 47 were bracket (boundary) samples with very low to no observed graphite; and 10 were field-introduced QA/QC materials including duplicate and blank samples. No certified reference standards were inserted in the field. The laboratory routinely uses a variety of graphite and sulphide standards whose grades and matrix mineralogy are similar to the sampled materials. Each sample during both the crushing and pulverizing preparation phases will be subjected to quartz sand cleaning between samples to reduce any potential for cross-contamination. Assay results for Phase 3 samples are expected after the middle of April.

Ongoing mineral characterization: Berkwood has retained the services of Met-Solve Laboratories Inc. of Langley, British Columbia to initiate mineral processing tests on a suite of graphite mineral samples. This

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work is required for metallurgical testing for process design following the positive initial flake sizing results announced on March 8th, 2018, when the Company announced that testing had revealed that a large portion of the graphite flakes in a representative suite of samples are coarse large flake (20 mesh to 100 mesh) and easily concentrated by simple inverse gravity process (the light portion being the valuable product), with only a small percentage of the graphite being finer than 100 mesh (100 mesh).

On April 26th, 2018, the Company announced that it has intersected significant intersections of visual graphite during its phase 3 drill program, including one drill hole that has a 130.55-meter intersection with a 87.5 meter true thickness. The nine completed holes totalled 1,481.4 metres (m) of HQ core to objective depths. Eight of the nine holes contained significant graphite intervals as listed on the table below.

The successfully completed the third phase of drilling with all three phases combined totalling over 4000 metres now. The Company further drilled a 130.55 metre intersection of graphite with a true thickness of 87.5 metres. The Company continuing to unravel the structural and geological disposition of the Lac Gueret South Zone 1 graphite body. The field crews performed detailed structural logging and analysis of previous drill core – and we are increasing our structural capabilities through new collaboration with Terrane Geosciences. Once complete we will have a 3D model of our graphite body providing a clearer more detailed picture of the size and geometry of our Zone 1 graphite body. We are making progress in stages, and continue with each successive Phase to build on the great results we have enjoyed since discovery,” states Tom Yingling, President and CEO. “Critically, the exploration potential for a significant graphite deposit has continued to be supported by the Phase 3 campaign”.

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Management's Discussion and Analysis

For the Year Ended February 28, 2018

BERKWOOD RESOURCES PHASE 3 DIAMOND DRILLING VISUAL GRAPHITE ESTIMATE TABLE

| DDH ID | From (m) | To (m) | Sample Length (m) | True thickness (m) ** | Visual Estimate Graphite | |
|-----------------|----------|--------|-------------------|-----------------------|--------------------------|-------------------|
| BK1-19-18 | 35.20 | 44.88 | 9.68 | 9.1 | HIG | |
| BK1-20-18 | 15.20 | 20.61 | 5.41 | 3.8 | MED-GR | |
| BK1-20-18 | 43.43 | 62.33 | 18.90 | 14.5 | MED-GR | |
| BK1-20-18 | 67.25 | 84.35 | 17.10 | 17.2 | LO-GR | |
| BK1-21-18 | 74.20 | 112.93 | 38.73 | 26.5 | MED-GR | |
| BK1-22-18 | 30.62 | 50.14 | 19.52 | 15.5 | MED-GR | |
| BK1-23-18 | | | | | No Samples | |
| BK1-24-18 | 64.93 | 70.45 | 5.52 | 1.9 | MED-GR | |
| BK1-25-18 | 18.24 | 148.79 | 130.55 | 87.5 | MED-GR | |
| <i>includes</i> | 18.24 | 47.14 | 28.90 | 20.2 | HIG | |
| <i>includes</i> | 47.14 | 71.60 | 24.46 | 15.7 | LO-GR | |
| <i>includes</i> | 71.60 | 88.39 | 16.79 | 13.8 | HIG | |
| <i>includes</i> | 88.39 | 113.31 | 24.92 | 12.5 | MED-GR | |
| <i>includes</i> | 113.31 | 148.79 | 35.48 | 25.3 | MED-GR | |
| BK1-26-18 | 67.91 | 76.30 | 8.39 | 4.2 | MED-GR | |
| BK1-26-18 | 128.07 | 146.08 | 18.01 | 9.0 | MED-GR | |
| BK1-27-18 | 43.55 | 48.87 | 5.32 | 1.8 | LO-GR | |
| BK1-27-18 | 57.71 | 72.49 | 14.78 | 6.2 | MED-GR | |
| BK1-27-18 | 119.10 | 134.11 | 15.01 | 11.5 | MED-GR | |
| BK1-27-18 | 141.21 | 147.13 | 5.92 | 4.5 | HIG | |
| BK1-27-18 | 161.00 | 182.89 | 21.89 | 10.0 | LO-GR | <i>& open</i> |

** True thickness was estimated based on foliation to core axis and the initial interpretation

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[Key: LO-GR = 3 to 5% Cgr; MED-GR = 5 to 25% Cgr; HIG = +25% Cgr]

Edward Lyons, PGeo (BC, QC, NL) states, "The drilling in Phase 3 focused on expanding knowledge in and adjacent to the previously drilled areas. One outcome is increased recognition of intervals of lower grade graphite interlayered with high-grade material. Some relatively narrow true width intervals with lower grades may represent lateral extensions of thicker zones. Industry and metallurgical experience in highly metamorphic graphitic rocks has shown that the medium and lower graphite grade material can yield higher percentages of coarse flake graphite recovery, making these units potentially of similar economic value. The true widths and persistence of graphite in almost all of Berkwood's drillholes to date show the potential of the Zone 1 anomaly. Planned geophysical studies ahead of Phase 4 will refine our geological and structural model to guide drill placement."

BK1-23-18 was drilled across the margin of the anomaly to test the limits of graphite mineralisation. No graphite was encountered. Deposit definition will require some tests of the margins in order for us to design a more efficiently drill program. This is typical exploration testing.

On May 2nd, 2018, the Company announced the assay results from the Phase 3 drilling program on the **Zone 1 Graphite Body**. A total of nine HQ diamond drill holes were drilled in the Phase 3 drill program with every hole intersecting visible Graphite. Of the nine holes drilled, eight of them intersected significant mineralization with one hole having 17.37% Cgr over 130.55m with a true thickness of 87.5m. As per the table below Graphite assay grades have been returned as high as 33.88%. This combined with BK1-15-17 from Phase 1 drilling of 72.10m at 13.64% Cgr and multiple other wide intersections indicates a large unique discovery.

Three separate drill programs have been executed on Berkwood's Zone 1 Graphite Body for a total of over 4,000m completed. All 27 holes have mineralization and 26 holes of these have intersected significant graphite. These intercepts support an evolving structural model of multiple recumbently folded horizon(s) hosting thicker and more consistent graphitic intervals of high grade and wide true thicknesses that suggests strong continuity in the system. On our airborne EM anomaly (see attached map), we have drilled an area about 300m by 300m, leaving an large anomalous area that is still as yet untested by drilling.

The inclined holes were drilled to maximum lengths of about 190 meters. The graphite lies near surface to open-pit mineable depths similar to the depths drilled by Mason Graphite for its planned open pit development.

Edward Lyons, PGeo (BC, QC, NL) states, "With the 130m intercept near surface and a length-weighted composite grade of 17.37% Cgr, the Phase 3 drill program represents a success. The importance of the thinner intersections is that they can mark the edges of thicker beds of graphite. Industry and metallurgical experience in highly metamorphic graphitic rocks has shown that the medium and lower graphite grade material can yield higher percentages of coarse flake graphite recovery, making these units potentially of similar economic value. The true widths and persistence of graphite in almost all of Berkwood's drill holes to date show the potential of the Zone 1 anomaly."

The discovery is eight kilometers southwest of Mason Graphite's deposit, which has an NI 43-101 Feasibility Study. We share a similar structure with one of the highest grade graphite deposits in the world. Mason is concluding its permitting process to start development in 2018. This benefits Berkwood's project as all the infrastructure is, or should be in place, once our neighbour goes into production.

Tom Yingling, President and CEO, notes that the increasing demand for graphite is reflected in part by the following:

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- Governments are mandating that automobile manufactures build and sell electric vehicles. This is good news for the EV industry and keeps the demand high for elements that go into batteries. Graphite is commonly the most prolific element in a battery.
- China is pushing for aggressive new ZEV mandate: 8% of new cars to be electric by the end 2018 and 12% by 2020.
- France, Britain, Germany, Norway, Austria, Denmark, Ireland, Japan, Netherlands, Portugal, Korea and Spain have set official targets for electric car sales. The United States doesn't have a federal policy, but at least eight states have set out goals. (California, Colorado, Illinois, Massachusetts, New Mexico, New York, Vermont and Washington)
- A global shift away from fossil fuels is contributing to graphite's success as it is a critical constituent part of the expanding lithium-ion battery sector
- With graphite as an integral material in the construction of everything from nuclear power plants to smartphones, the material's viability as an investment has never been clearer.

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Management's Discussion and Analysis
For the Year Ended February 28, 2018

BERKWOOD RESOURCES Ltd.
PHASE 3 DIAMOND DRILLING
ASSAY RESULTS & COMPOSITES TABLE

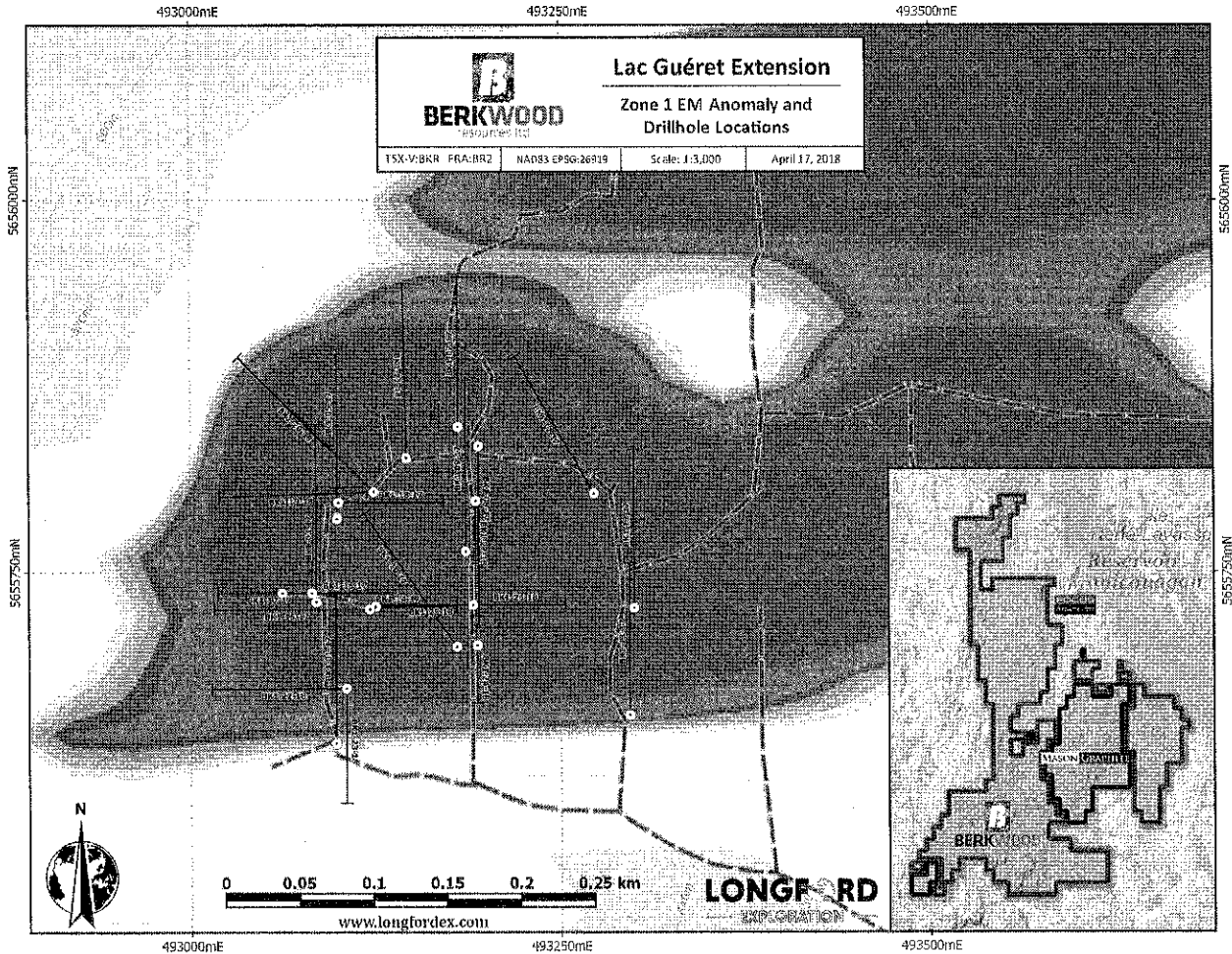
| DDH ID | From (m) | To (m) | Sample Length (m) | True thickness (m) ** | Cg% Avg | |
|-----------------|----------|--------|-------------------|-----------------------|------------|--------|
| BK1-19-18 | 35.20 | 44.88 | 9.68 | 9.1 | 24.85 | |
| BK1-20-18 | 15.20 | 20.61 | 5.41 | 3.8 | 6.51 | |
| BK1-20-18 | 43.43 | 62.33 | 18.90 | 14.5 | 14.28 | |
| BK1-20-18 | 67.25 | 84.95 | 17.10 | 17.2 | 4.50 | |
| BK1-21-18 | 74.20 | 112.93 | 38.73 | 26.5 | 17.58 | |
| BK1-22-18 | 30.62 | 50.14 | 19.52 | 15.5 | 22.51 | |
| BK1-23-18 | | | | | No Samples | |
| BK1-24-18 | 64.93 | 70.45 | 5.52 | 1.9 | 13.18 | |
| BK1-25-18 | 18.24 | 148.79 | 130.55 | 87.5 | 17.37 | |
| <i>includes</i> | 18.24 | 47.14 | 28.90 | 20.2 | 24.67 | |
| <i>includes</i> | 47.14 | 71.60 | 24.46 | 15.7 | 9.03 | |
| <i>includes</i> | 71.60 | 88.39 | 16.79 | 13.8 | 33.88 | |
| <i>includes</i> | 88.39 | 113.31 | 24.92 | 12.5 | 18.52 | |
| <i>includes</i> | 113.31 | 148.79 | 35.48 | 25.3 | 6.79 | |
| BK1-26-18 | 67.91 | 76.30 | 8.39 | 4.2 | 14.70 | |
| BK1-26-18 | 128.07 | 146.08 | 18.01 | 9.0 | 18.37 | |
| BK1-27-18 | 43.55 | 48.87 | 5.32 | 1.8 | 4.58 | |
| BK1-27-18 | 57.71 | 72.49 | 14.78 | 6.2 | 6.82 | |
| BK1-27-18 | 119.10 | 134.11 | 15.01 | 11.5 | 20.58 | |
| BK1-27-18 | 141.21 | 147.13 | 5.92 | 4.5 | 26.70 | |
| BK1-27-18 | 161.00 | 182.89 | 21.89 | 10.0 | 4.76 | & open |

** True thickness was estimated based on foliation to core axis and the initial interpretation

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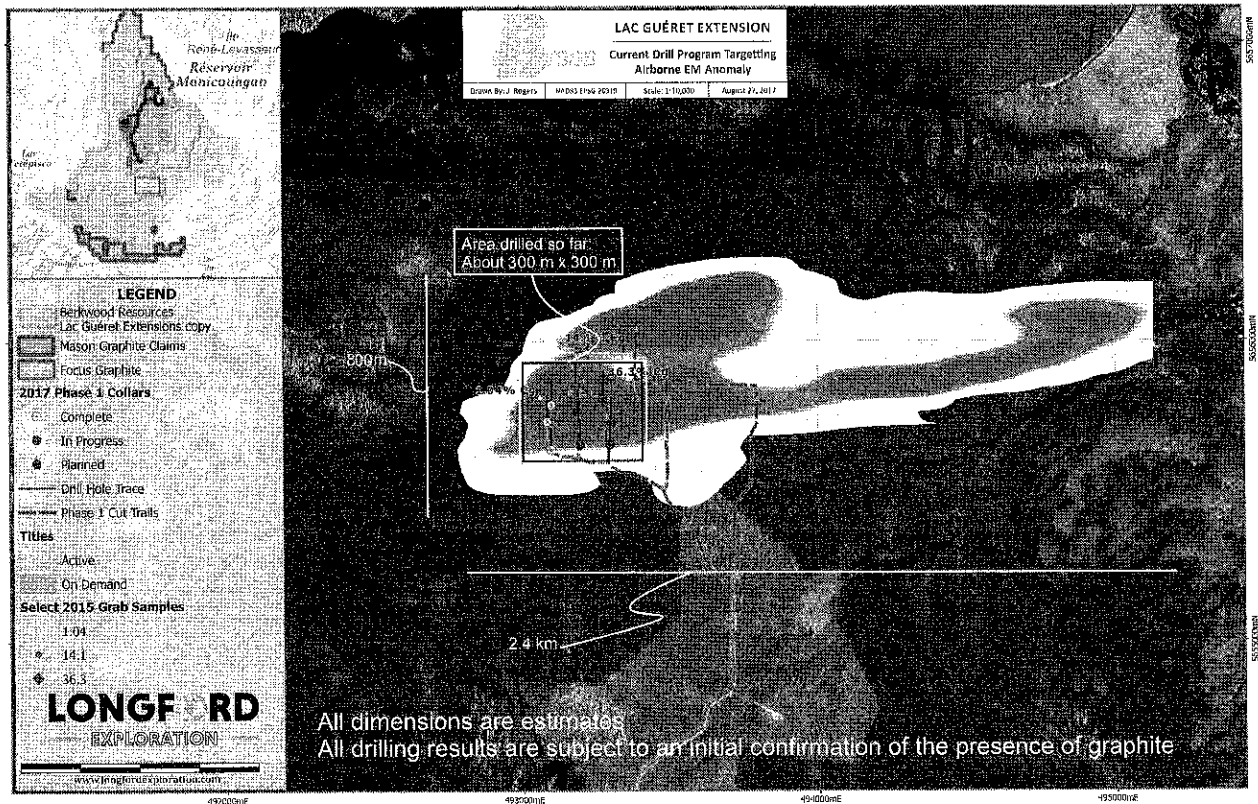
Management's Discussion and Analysis

For the Year Ended February 28, 2018



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Management's Discussion and Analysis
For the Year Ended February 28, 2018



BK1-23-18 was drilled across the margin of the anomaly to test the limits of graphite mineralisation. No graphite was encountered. Deposit definition will require some tests of the margins in order for us to design a more efficiently drill program. This is typical exploration testing.

To view a virtual reality video of the autumn Phase 1 Zone 1 drill program as well as the most recent winter Phase 2 drill program, please follow the link at the bottom of our home page at: <http://www.berkwoodresources.com>.

Edward Lyons, PGEO is a Qualified Person under the definition of Canadian National Instrument 43-101, approved the technical information in this Management Discussion and Analysis.

SELECTED FINANCIAL INFORMATION

| | February 28, 2018 | February 29, 2017 | February 28, 2016 |
|---|-------------------|-------------------|-------------------|
| Total revenues | \$ - | \$ - | \$ - |
| Income (loss) before other items | (4,523,731) | (1,091,212) | (428,125) |
| Comprehensive loss for the year | (4,524,731) | (1,199,432) | (1,165,339) |
| Income (loss) per share basic and diluted | (0.23) | (0.20) | (0.21) |
| Total assets | \$ 4,745,937 | \$ 692,501 | \$ 254,604 |

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Management's Discussion and Analysis For the Year Ended February 28, 2018

SELECTED QUARTERLY INFORMATION

The following table presents certain selected financial information on a quarterly basis:

| Quarter ended | Revenue \$ | Net loss \$ | Net loss per share \$ |
|-------------------|---------------|----------------|--------------------------|
| February 28, 2018 | 0 | (1,221,693) | (0.04) |
| November 30, 2017 | 0 | (1,895,692) | (0.08) |
| August 31, 2017 | 0 | (1,137,705) | (0.07) |
| May 31, 2017 | 0 | (269,641) | (0.04) |
| February 28, 2017 | 0 | (683,940) | (0.10) |
| November 30, 2016 | 0 | (410,346) | (0.05) |
| August 31, 2016 | 0 | (45,384) | (0.05) |
| May 31, 2016 | 0 | (59,762) | (0.05) |

Largely due to exploration expenses of \$904,724 the net loss for the quarter ended February 28, 2018 was \$1,221,693.

Largely due to stock based compensation expense of \$411,449, consulting fees of \$343,471 and exploration expenses of \$858,623 the net loss for the quarter ended November 30, 2017 was \$1,895,692. During the quarter the Company expended its drill program on its Lac Gueret South property, Quebec.

Largely due to stock based compensation expense of \$526,928, consulting fees of \$165,460 and promotional and marketing expenses of \$221,126 the net loss for the quarter ended August 31, 2017 was \$1,092,436.

Largely due to stock based compensation expense of \$55,870 and consulting fees of \$112,425, the net loss for the quarter ended May 31, 2017 was \$269,641.

Largely due to stock based compensation expense of \$298,998 and consulting fees of \$164,000, the net loss for the quarter ended February 28, 2017 was \$683,940.

Largely due to stock based compensation expense of \$131,593 and consulting fees of \$238,077, the net loss for the quarter ended November 30, 2016 was \$410,346.

FOURTH QUARTER ANALYSIS

The total expenses during the quarter ended February 28, 2018, were \$1,220,693.

During the fourth quarter, the Company spent \$94,309 in consulting fees, \$904,724 in exploration and evaluation expenses, \$15,369 in office and administration costs, \$3,232 in part XII.6 tax, \$72,557 in promotional and marketing, 43,107 in professional fees, \$3,793 in shareholders' communications, \$44,098 in travel, \$2,577 in trade shows and \$34,624 in transfer agent and filing fees.

The Company recorded an impairment of \$1,000 on certain mineral properties.

Results of operations

Twelve Months Ended February 28, 2018 Compared to Twelve Months Ended February 28, 2017

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Management's Discussion and Analysis For the Year Ended February 28, 2018

The Company incurred a net loss of \$4,524,731 (\$0.23 per share) for the year ended February 28, 2018 as compared to a net loss of \$1,199,432 (\$0.20 per share) in the same period in 2017, comprised of some of the following significant expenses: The overall expenses have increased significantly due to exploration work, that Company was conducting on the Lac Gueret South property, Quebec.

- The Company incurred consulting fees \$715,665 (2017 - \$432,987), an increase of \$282,678 which was mainly due to increase in corporate development activities and restructure of the Company.
- The Company spent \$1,812,362 on explorations expenses (2017 - \$(3,174)) an increase of \$1,815,536 due to an exploration work was conducted on Lac Gueret South property in Quebec. The Company spent the funds as per following table:

| | | |
|-----------------------|-----------|------------------|
| Drilling | \$ | 671,142 |
| Travel | | 88,787 |
| Field and camp costs | | 198,968 |
| Fuel | | 80,835 |
| Geological Consulting | | 530,903 |
| Freight | | 17,503 |
| Assays | | 56,160 |
| Claims | | 78,662 |
| Equipment rental | | 12,620 |
| Mob-Demob | | 76,782 |
| Total | \$ | 1,812,362 |

- The Company incurred office facilities and operations expenses of \$45,004 (2017 - \$19,665), an increase of \$25,339 which was due to an increased in office activities.
- The Company incurred promotional and marketing expenses of \$467,398 (2017 - \$59,008), an increase of \$408,390. The Company has spent significant amount for awareness of the Company for potential shareholders.
- The Company incurred professional fees of \$138,790 (2017 - \$122,706), an increase of \$16,084 which was mainly due to increase in overall professional fees including regulatory filings, legal, and accounting.
- The shareholder communication expenses were \$54,849, which related to dissemination of news releases, AGM and printing of various materials.
- During the year the Company recorded \$994,247 stock options expense by granted 2,995,000 options.
- The travel expenses were \$79,946 compared to \$3,507 in previous year. Travel expenses fluctuate significantly from period to period depending on the initiatives underway.
- The trade show expenses were \$74,340 compared to \$nil in previous year. The Company participated in various trade shows in current period.
- The Company incurred transfer agent and filing fees of \$89,194 (2017 - \$25,922), an increase of \$63,272 which was due to an increase in equity financing and filing fees.

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Management's Discussion and Analysis For the Year Ended February 28, 2018

At February 28, 2018, management concluded that the Company will not perform further exploration on Lac Gueret East Property, Quebec property, and accordingly, indicators of impairment existed leading to an assessment of recoverable amount of the property, which resulted in an impairment loss of \$1,000.

Liquidity

At February 28, 2018, the Company had a working capital of \$1,639,058 (February 28, 2017- \$168,985) and cash of \$1,779,234 (February 28, 2017 - \$532,703).

Cash Flow from Operations

During the year ended February 28, 2018, the Company had cash out-flow of \$(3,748,420) from operations compared to an outflow of \$(840,248) in the comparable period of the previous year.

Accounts receivable increased by \$24,767, compared to increase of \$16,989, increased prepaid expenses by \$108,952, compared to increase of \$30,184, increased accounts payable by \$187,852 compared to a decrease of \$28,521, decrease due to related parties by \$277,675 compared to a decrease of \$103,933.

Investing Activities

During the year ended February 28, 2018, the Company spent \$(121,792) on investing activities compared to \$(15,000) in the comparable period of the previous year.

During the year, the Company bought plant and equipment amount \$30,704 and property acquisition cost was \$91,088.

Financing Activities

During the year ended February 28, 2018, the Company raised \$5,312,402 through private placements, exercise of options and warrants. The shares issued cost was \$195,659.

Since incorporation, the Company's capital resources have been limited. The Company has to rely primarily upon the sale of equity securities for cash required for administration, acquisitions and exploration programs, among other things. While there are presently no known specific trends, events or uncertainties that are likely to result in the Company's liquidity decreasing in any material way over the next year, it is unlikely that significant cash will be generated from operations over this period. Since the Company is unlikely to have significant cash flow, the Company will have to continue to rely upon equity financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

The Company is engaged in the acquisition, exploration and development of natural resource properties. The Company has entered into agreements to acquire interests in the properties described above under the heading "Overall Performance".

The main business risks facing the Company over the next several years relate to the availability of equity capital to finance the acquisition, exploration and development of existing and future exploration and development projects. The availability of equity capital to junior resource companies is affected by commodity prices, global economic conditions, and economic conditions and government policies in the countries of operation, among other things. These conditions are beyond the control of the management of the Company and have a direct effect on the Company's ability to raise equity capital.

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Management's Discussion and Analysis For the Year Ended February 28, 2018

The Company's working capital and liquidity fluctuate in proportion to its ongoing equity financing activities. The Company requires a certain amount of liquid capital in order to sustain its operations and in order to meet various obligations as specified under the Company's resource property acquisition agreements. Should the Company fail to obtain future equity financing due to reasons as described above, it will not be able to meet these obligations and may lose its interests in the properties covered by the agreements. Further, should the Company be unable to obtain sufficient equity financing for working capital, it may be unable to meet its ongoing operational commitments.

Exploration and development of natural resources involve substantial expenditures and a high degree of risk. Few properties that are explored are ultimately developed into producing properties. Accordingly, the Company has no material revenue, writes off its natural resource properties from time to time, and operates at a loss. Continued operations are dependent upon ongoing equity financing activities.

CAPITAL RESOURCES

On May 26, 2017, the Company completed a private placement of 6,152,843 units as a price of \$0.26 per unit for a gross amount of \$1,599,739. Each unit is comprised of one common share and one share purchase warrant, with each whole warrant exercisable into one common share at a price of \$0.35 for a period of two years from closing.

The Company has paid a finder's fee of \$40,684 and legal fees of 11,241 in cash and has also issued 156,480 broker's warrants. The finder fee warrants are exercisable for two years at \$0.35.

On July 6, 2017, the Company issued 200,000 shares pursuant to an exercise of stock options for the gross proceeds of \$68,000.

On July 26, 2017, the Company issued 200,000 shares pursuant to an exercise of stock options for the gross proceeds of \$68,000.

On August 25, 2017, the Company completed a non-flow through private placement of 623,805 units as a price of \$0.33 per unit for a gross amount of \$205,856. Each unit is comprised of one common share and one share purchase warrant, with each whole warrant exercisable into one common share at a price of \$0.45 for a period of two years from closing.

On August 25, 2017, the Company completed a flow through private placement of 100,000 units as a price of \$0.40 per unit for a gross amount of \$40,000. Each unit is comprised of one common share and one share purchase warrant, with each whole warrant exercisable into one common share at a price of \$0.50 for a period of two years from closing. The Company paid \$8,850 legal fees.

On August 29, 2017, the Company completed a non-flow through private placement of 1,998,176 units as a price of \$0.37 per unit for a gross amount of \$739,325. Each unit is comprised of one common share and one share purchase warrant, with each whole warrant exercisable into one common share at a price of \$0.49 for a period of two years from closing.

The Company has paid a finder's fee of \$4,440 and legal fees of 7,650 in cash and has also issued 12,000 broker's warrants. The finder fee warrants are exercisable for two years at \$0.49.

On October 3, 2017, the Company completed a non-flow through private placement of 1,308,620 units as a price of \$0.29 per unit for a gross amount of \$379,500. Each unit is comprised of one common share and one share purchase warrant, with each whole warrant exercisable into one common share at a price of \$0.35 for a period of two years from closing.

The Company has paid a finder's fee of \$23,200 and legal fees of 4,350 in cash and has also issued 40,000 broker's warrants and 40,000 common shares. The finder fee warrants are exercisable for two years at \$0.35.

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On October 25, 2017, the Company completed a non-flow through private placement of 2,314,655 units as a price of \$0.29 per unit for a gross amount of \$671,250. Each unit is comprised of one common share and one share purchase warrant, with each whole warrant exercisable into one common share at a price of \$0.35 for a period of two years from closing.

The Company has paid a finder's fee of \$1,160 and has also issued 18,000 broker's warrants and 14,000 common shares. The finder fee warrants are exercisable for two years at \$0.35.

On November 14, 2017, the Company completed a non-flow through private placement of 1,261,000 units as a price of \$0.29 per unit and 5,844,581 flow-through units @\$0.31 for a gross amount of \$2,177,510. Each unit is comprised of one common share and one share purchase warrant, with each whole warrant exercisable into one common share at a price of \$0.35 for a period of two years from closing.

The Company has paid a finder's fee of \$76,746 and legal fee of \$10,550. The Company has also issued 455,566 broker's warrants. The finder fee warrants are exercisable for two years at \$0.36 and \$0.31.

On November 24, 2017, the Company issued 115,000 shares pursuant to an exercise of warrants for the gross proceed of \$40,250.

On November 29, 2017, the Company issued 55,000 shares pursuant to an exercise of warrants for the gross proceed of \$19,250.

On March 2nd, 2018, the Company returned 300,000 shares to treasury due to the non-payment.

On March 28, 2018, the Company issued 280,000 shares pursuant to an exercise of options for the gross proceeds of \$46,200.

Proceeds of the private placement will be used to develop existing properties, potential future acquisitions and general working capital.

COMMITMENTS

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined under Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that are allotted for such expenditure, but have not yet been spent.

In connection with the flow-through shares issued during the year ended February 28, 2018, the Company has an obligation to incur qualified expenditures of \$1,119,739 by December 31, 2018.

In connection with the flow-through shares issued during the year ended February 28, 2017, the Company has an obligation to incur qualified expenditures of \$500,000 by December 31, 2017. On February 28, 2018, the Company has met its qualified expenditures for the year ended December 31, 2017.

During the year ended February 28, 2018, the Company calculated and accrued \$3,232 (2017 - \$nil) in Part XII.6 tax related to the portion of the commitment renounced under the "look-back rule" within the meaning of the Income Tax Act (Canada).

Off-balance Sheet Arrangements

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

RELATED PARTY TRANSACTIONS

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- (a) During the year ended February 28, 2018, the Company incurred consulting fees of \$170,630 (2017 - \$177,500) with directors and companies controlled by the directors. These transactions are in the normal course of operations.

As at February 28, 2018, \$nil (2017 - \$277,675) was owing to directors and companies controlled by the directors. Amounts due to related parties are non-interest-bearing, unsecured and without specified terms of repayment.

- (b) During the year ended February 28, 2018, the Company incurred professional fees for financial services of \$55,000 (2017 - \$59,000) with an officer and director of the Company.
- (c) During the year ended February 28, 2018, the Company incurred geological consulting fees of \$5,000 (2017 - \$nil) with directors and companies controlled by the directors.

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members. Compensation paid to key management included the amounts above as follows:

| | 2018 | 2017 |
|--------------------------|-------------|-------------|
| Consulting fees | \$ 175,630 | \$ 110,000 |
| Professional fees | \$ 55,000 | \$ 30,000 |
| Stock-based compensation | \$ 175,399 | \$ 185,380 |

Critical Accounting Estimates

The presentation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 and would impact future results of operations and cash flows.

Significant Accounting Policies

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

- (a) Mineral property interests

Acquisition costs for mineral property interests, net of recoveries, are capitalized on a property-by-property basis. Acquisition costs may include cash consideration, the value of common shares issued based on fair values, and the fair value of share purchase warrants and options issued based on amounts determined using the Black-Scholes option pricing model.

Exploration and evaluation expenditures, net of recoveries, are charged to operations as incurred. After a property is determined by management to be commercially feasible, development expenditures on the property are capitalized.

When there is little prospect of further work on a property being carried out by the Company, when a property is abandoned or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount. Acquisition costs are also tested for impairment before the assets are transferred to development properties. The costs related to a property from which there is

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Management's Discussion and Analysis

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production, together with the costs of production equipment, will be depleted and amortized using the unit-of-production method.

Mineral property interests acquired under an option agreement where payments are made at the sole discretion of the Company are capitalized at the time of payment.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures, which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized, with any excess cash recognized in profit or loss.

(b) Impairment of non-current assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there are any indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups of assets (the CGU), where the recoverable amount of the CGU is the greater of the CGU's fair value less costs to sell and its value in use) to which the assets belong.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss for the period, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and expected future production revenues and expenses.

Where an impairment loss subsequently reverses, the carrying amount of the asset (the CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(c) Mining exploration tax credit

The Company recognizes mining exploration tax recoveries in the period in which the related recoveries are received. The amount recoverable is subject to review and approval by the taxation authorities.

(d) Equipment

Equipment is recorded at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated on a declining-balance basis at a rate of 30% per annum. Additions during the year are amortized on a pro-rated basis.

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(e) Financial instruments

(i) Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. Management determines the classification of its financial instruments at initial recognition. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL") – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in net loss.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income as a component of equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

All financial assets, except for those classified as FVTPL, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Transaction costs related to financial instruments classified as FVTPL are expensed as incurred. All other transaction costs related to financial instruments are recorded as part of the instruments and are amortized using the effective interest rate.

(ii) Financial liabilities

The Company classifies its financial liabilities into one of two categories. The Company's accounting policy for each category is as follows:

FVTPL – This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in profit or loss.

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Other financial liabilities – This category includes non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

(iii) Fair value hierarchy

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities;
- Level 2 Inputs, other than quoted prices in Level 1 that are observable for the asset or liability either directly or indirectly; and
- Level 3 Unobservable inputs that are not based on observable market data.

The Company's financial instruments are comprised of cash, accounts payable and accrued liabilities, and due to related parties. Cash is classified as FVTPL; and accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

(f) Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares.

At the time of closing a financing involving flow-through shares, the Company allocates proceeds received first to share capital based on the market close price of the common shares at the time the flow-through shares are priced, and any excess is allocated to flow-through premium liability. At the time of closing a financing involving flow-through units consisting of common shares and warrants, the Company allocates proceeds received as follows:

- Share capital – the market close price of the common share;
- Warrant reserve – based on the valuation derived using the Black-Scholes option pricing model; and
- Flow-through premium liability – any excess, recorded as a liability.

Thereafter, as qualifying resource expenditures are incurred, these costs are charged to operations and the flow-through premium, if any, is amortized to profit or loss.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, that remains unspent in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued and recorded to profit or loss.

(g) Non-monetary transactions

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Equity instruments issued for consideration other than cash are valued at the fair value of assets received or services rendered or the estimated fair value of the equity instruments at the date of issuance, whichever is determined to be the more reliable measure.

(h) Accounting for equity units

The Company uses the residual value method with respect to the measurement of common shares and share purchase warrants issued as private placement units. The proceeds from the issue of units is allocated between common shares and share purchase warrants on a residual value basis, wherein the fair value of the common shares is based on the market close price on the date the units are priced and the balance, if any, is allocated to the attached warrants. Share issue costs are recorded against share proceeds.

(i) Stock-based compensation

Stock-based compensation to employees is measured at the fair value of the equity instruments issued and amortized over the vesting periods. Stock-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to contributed surplus.

The fair value of options is determined using the Black-Scholes option pricing model, which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(j) Provisions

(i) Rehabilitation provision

The Company recognizes statutory, contractual or other legal obligations related to the retirement of mineral properties when such obligations are incurred, if a reliable estimate of the expenditure required to settle the obligation can be made. These obligations are measured initially at the present value of the expenditures required to settle the obligation and the resulting amount is capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is accreted to profit or loss.

(ii) Other provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

(k) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the

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years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the enactment date. Deferred tax assets are recognized to the extent it is probable that they will be able to be utilized against future taxable income.

(l) Foreign currency translation

The functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the date of the transactions. Balances denominated in foreign currencies are translated as follows:

- (i) Monetary assets and liabilities, at the rate of exchange in effect as at the consolidated statement of financial position date;
- (ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- (iii) Expenses (excluding depreciation and amortization, which are translated at the same rate as the related asset), at the exchange rates in effect on the date of the transaction.

Exchange differences arising from the translations are recorded as a gain or loss on foreign currency translation in profit or loss.

(m) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Basic and diluted loss per share is the same for the years presented.

(n) Use of judgments and estimates

Apart from making estimates and assumptions as described below, the Company's management makes critical judgments in the process of applying its accounting policies that have significant effect on the amounts recognized in the Company's consolidated financial statements. The significant judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimation uncertainties, that have the most significant effect include, but are not limited to:

(i) Impairment of mineral property interests

Assets or CGUs are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral property interests.

(ii) Mining exploration tax credits

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The Company is entitled to refundable tax credits on qualified resource expenditures incurred in Canada. Management's judgment is applied in determining whether the resource expenditures are eligible for claiming such credits, and determining an appropriate accrual.

(iii) Going concern

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, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include:

(i) Valuation of asset retirement and environmental obligations

The Company is subject to laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to 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. Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations, are measured initially based on the estimated future cash flows discounted at a credit-adjusted risk-free rate to the present value. Management estimates that the amount of asset retirement and environmental obligations are not significant at February 28, 2018 and 2017.

(ii) Utilization of deferred income tax assets

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

(iii) Assumptions in the Black-Scholes option pricing model

The fair values of warrants and options granted are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of future share prices, changes in subjective input assumptions can materially affect the fair value estimate.

(iv) Recoverable amount of mineral property interests

The carrying value of mineral property interests and the likelihood of future economic recoverability of these carrying values is subject to significant management estimates. The application of the Company's accounting policy for and determination of recoverability of capitalized assets is based on assumptions about future events or

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circumstances. New information may change estimates and assumptions made. If information becomes available indicating that recovery of expenditures are unlikely, the amounts capitalized are impaired and recognized as a loss in the period that the new information becomes available. A change in estimate could result in the carrying amount of capitalized assets being materially different from their presented carrying costs.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact financial performance and cash flows.

(o) New accounting pronouncement

The new and revised standard described below may be early-adopted. The Company is currently assessing the impact of the standard.

IFRS 9 Financial Instruments (2014)

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

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

- **Classification and measurement of financial assets:**
Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".
- **Classification and measurement of financial liabilities:**
When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.
- **Impairment of financial assets:**
An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.
- **Hedge accounting:**
Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

Applicable to the Company's annual periods beginning March 1, 2018.

Capital management

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The Company's objective in managing its capital is to maintain the ability to continue as a going concern and to continue to explore on mineral property interests for the benefits of its stakeholders.

The Company considers its capital to be the components of shareholders' equity. Capital requirements are driven by the Company's exploration activities on its mineral property interests. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals.

The Company monitors actual expenses to budget on all exploration projects and overheads to manage costs, commitments and exploration activities.

As the Company is in the exploration stage, its operations have been and will likely continue to be funded by the sale of equity to investors. Although the Company has been successful in raising funds in the past through issuing common shares, it is uncertain whether it will be able to continue to raise financing due to difficult conditions.

The Company is not subject to any externally imposed capital requirements and did not change its approach to capital management during the year ended February 28, 2018.

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Fair value of financial instruments

As at February 28, 2018, the Company's financial instruments consist of cash, accounts payable and accrued liabilities and due to related parties.

IFRS requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. IFRS establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS prioritizes the inputs into three levels that may be used to measure fair value.

The fair value of cash is determined based on Level 1 inputs which consist of quoted prices in active markets for identical assets. The fair value for the available-for-sale investment in Westhaven was recorded at fair value when it is acquired and is considered to be Level 3. As at February 28, 2018, the Company believes that the carrying values of accounts payable and accrued liabilities and due to related parties approximate the fair values because of their nature and relatively short maturity dates or durations.

(b) Credit risk

Credit risk is the risk of a financial loss to the Company if counterparties to a financial instrument fail to meet their contractual obligations.

The Company's primary exposure to credit risk is on its cash held in financial institutions. The majority of cash is deposited in bank accounts held with major financial institutions in Canada. Credit risk is managed by using major banks that are high credit quality financial institutions as determined by ratings agencies.

The maximum exposure to credit risk for cash is \$1,779,234 (2017 – \$532,703).

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(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate, as they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company's sensitivity analysis suggests that a 10% change in market prices would have an insignificant impact on net loss and comprehensive loss.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company endeavors to have sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's main source of funding has been from the issuance of equity securities for cash, primarily through private placements. As at February 28, 2018, the Company has sufficient funding to meet its financial obligations and for working capital.

At February 28, 2018, the Company had accounts payable and accrued liabilities and due to related parties totaling \$344,855 (2017 - \$434,678). The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

OTHER MD&A REQUIREMENTS

Financial And Disclosure Controls And Procedures

During the year ended February 28, 2018, there has been no significant change in the Company's internal control over financial reporting since last year.

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's interim financial statements for the period ended February 28, 2018 (together the "Annual Filings"). The Chief Executive Officer and Chief Financial Officer of the Company have filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at www.sedar.com.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic

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certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

Outstanding Share Data

- a) The Company's authorized share capital consists of unlimited common shares without par value. The Company has only one kind and class of shares and there are no unusual rights or restrictions attached to that class.
- b) As at June 26, 2018, the Company had a total of 36,544,794 (February 28, 2018 – 33,764,794) common shares issued and outstanding.
- c) As at June 26, 2018, the Company had 20,120,157 (February 28, 2018: 20,120,157) warrants outstanding.
- d) As at June 26, 2018, the Company had 3,374,000 (February 28, 2018: 3,095,000) stock options outstanding:

Additional Disclosure for Venture Issuers without Significant Revenue

| | 2018 | 2017 |
|--------------------------------|---------------------|---------------------|
| Years Ended February 28 | | |
| Expenses | | |
| Amortization | \$ 4,606 | \$ - |
| Consulting fees | 715,665 | 432,987 |
| Exploration and evaluation | 1,812,362 | (3,174) |
| Office and administration | 45,004 | 19,665 |
| Part XII.6 tax | 3,232 | - |
| Promotional and marketing | 467,398 | 59,008 |
| Professional fees | 138,790 | 122,706 |
| Shareholder communications | 54,849 | - |
| Stock-based compensation | 994,247 | 430,591 |
| Travel | 124,044 | 3,507 |
| Trade shows and events | 74,340 | - |
| Transfer agent and filing fees | 89,194 | 25,922 |
| | \$ 4,523,731 | \$ 1,091,212 |

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Schedule of Exploration and Development Costs:

The Company has capitalized the following acquisition expenditures during the year ended February 28, 2018 and 2017:

| | Lac Gueret East, Quebec \$ | Lac Gueret South, Quebec \$ | Toco/Takw a Quebec \$ | Cobalt Fold Quebec \$ | Delbreuil Quebec \$ | Roscoe Vanadium Quebec \$ | Total \$ |
|-----------------------------------|--|--------------------------------------|--------------------------------|-----------------------------|---------------------------|------------------------------------|-------------|
| Balance, February 29, 2016 | 1,000 | 80,838 | 49,312 | - | - | - | 131,150 |
| Impairment | - | (43,000) | (49,312) | - | - | - | (92,312) |
| Property acquisition | - | 50,000 | - | - | - | - | 50,000 |
| Balance, February 28, 2017 | 1,000 | 87,838 | - | - | - | - | 88,838 |
| Impairment | (1,000) | - | - | - | - | - | (1,000) |
| Property acquisition | - | 314,088 | - | 735,000 | 1,044,000 | 555,000 | 2,648,088 |
| Balance, February 28, 2018 | - | 401,926 | - | 735,000 | 1,044,000 | 555,000 | 2,735,926 |

The Company has expensed the following exploration and evaluation expenditures during the years ended February 28, 2018:

| | Lac Gueret South, Quebec \$ | Total \$ |
|--------------------------|-----------------------------------|------------------|
| February 28, 2018 | | |
| Drilling | 671,142 | 671,142 |
| Travel | 88,787 | 88,787 |
| Field and camp costs | 198,968 | 198,968 |
| Fuel | 80,835 | 80,835 |
| Geological Consulting | 530,903 | 530,903 |
| Freight | 17,503 | 17,503 |
| Assays | 56,160 | 56,160 |
| Claims | 78,662 | 78,662 |
| Equipment rental | 12,620 | 12,620 |
| Mob-Demob | 76,782 | 76,782 |
| Total | 1,812,362 | 1,812,362 |

Additional information about the Company can be found on www.sedar.com