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TECHNICS GROUP

Management's Discussion and Analysis

For the year ended December 31, 2018

(in Canadian dollars unless otherwise noted)

Management's discussion and analysis ("MD&A") is current to March 19, 2019 and is management's assessment of the operations and the financial results together with future prospects of Eurocontrol Technics Group Inc. ("Eurocontrol" or the "Company"). This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2018 and 2017 and notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless stated otherwise. Additional information relevant to Eurocontrol's activities, including Eurocontrol's press releases can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements, which are based on certain assumptions and analyses made by the Company derived from its experience and perceptions. The forward-looking statements in this MD&A are subject to important risks, uncertainties, and assumptions, which are difficult to predict and which may affect the Company's operations. The critical risks, uncertainties, and assumptions include, without limitation: the impact of economic conditions including foreign exchange rates; insufficient funds to support capital investments required to grow the business; and the lack of availability of qualified personnel or management. As such, actual results, performance, or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits or negative impact they will have on the Company and its shareholders. The forward-looking statements included in this MD&A are made as of the date of this MD&A and other than as required by law, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

BUSINESS OVERVIEW, RECENT DEVELOPMENTS, OUTLOOK AND STRATEGY

Change of Business

On January 24, 2019, the Company entered into an asset purchase agreement (the "Purchase Agreement") to acquire Sable Resources Ltd.'s ("Sable") mineral resource properties located in the Province of British Columbia and certain related assets (the "B.C. Properties") in exchange for paying Sable $500,000 in cash and issuing Sable 30,000,000 post-consolidation shares (see 1 below) at the time of closing and granting Sable, on the closing date, a 1.0% net smelter return royalty on each of the B.C. Properties and assuming certain liabilities relating to the B.C. Properties (the "Transaction"). In connection with the Transaction, Eurocontrol plans to:

1. consolidate its outstanding shares on the basis of one post-consolidation share for each four shares;
2. change its name to "Talisker Resources Ltd.";
3. apply to the Canadian Securities Exchange (the "CSE") to have its shares listed and posted for trading on the CSE and apply to the TSX Venture Exchange ("TSXV") to have its shares delisted from the TSXV upon completion of the Transaction;
4. complete a private placement financing, on a non-brokered private placement basis, of a minimum of 7,500,000 units (each, a "Unit") and a maximum 12,500,000 Units, at an issue price of $0.20 per Unit, for gross proceeds of not less than $1,500,000 and not more than $2,500,000. Each Unit will be comprised of one share, issued on a post-consolidated basis, and one common share purchase warrant (each a "Warrant"), with each Warrant entitling the holder to purchase one additional post-consolidated share at an exercise price of $0.30 for a period of two years from the date of issuance of the Units, except that if during this two year period and after the expiry of the four month hold period, the closing price of the shares is at least $0.50 for a period of 10 consecutive trading days, the Company may, at

its option and by providing notice, accelerate the expiry date of the Warrants to 30 days after the date of notice by the Company.

The completion of the Transaction is subject to the approval of the Company's shareholders at a special meeting to be held March 29, 2019 (the "Meeting"). Mailing of the management information circular (the "Circular") for the Meeting occurred on March 7, 2019. If the Transaction is approved by the Shareholders and all of the conditions precedent to the completion of the Transaction are satisfied or waived, the Transaction is expected to be completed on the date (the "Closing Date") that is five business days after the date on which the last of the conditions are fulfilled, but no later than April 30, 2019. On the Closing Date, the board of directors and management of the Company will include: Thomas Obradovich (Director), Terence Harbort (Director President and Chief Executive Officer), Andres Tinajero (Director, CFO), Brent Gilchrist (Director), Paul Wood (Director), Blair Zaritsky (Director) and Charlotte May (Corporate Secretary).

Trading in the Company's shares were halted on January 25, 2019 pursuant to the announcement of the Transaction and will remain halted until the delisting of the Company's shares from the TSXV and the listing of the Company's shares on the CSE.

Post closing of the Transaction, the Company will commence exploration work on its B.C. Properties with initial exploration activities focused on its initial planned exploration program at the Baker (Toodoggone) Gold/Silver Project and for general working capital purposes. Below is a description of the B.C. Properties.

The B.C. Properties

The B.C. Properties consist of several early to advanced stage projects. The Toodoggone projects include the past producing Baker Gold/Silver Project; the Shasta Mine and Baker mill infrastructure and equipment; the Chappelle (Baker and Multinational Mines) Property; the Mets Lease and the Bot Property. South-central B.C. projects include the Tulox Property, the WCGG Properties, and the Spences Bridge Regional Program. Upon completion of the Transaction, Eurocontrol would commence carrying on business as a mineral resource exploration company, initially focused on advancing the exploration of the Baker (Toodoggone) Gold/Silver Project. Following completion of the Transaction, Sable will be focusing its exploration on its various projects located in Latin America.

Baker and Multinational Mines

The Baker Project is located in the Toodoggone region of the Omineca Mining Division, 430 km northwest of Prince George, British Columbia. The Baker Project is situated 35 km northwest of the former Kemess South open pit gold-copper mine and consists of 54 mineral claims, and two mining leases covering 6,601 hectares of land that encompass the past-producing Dupont-Baker 'A' and Multinational 'B' underground gold-silver mines and the past-producing Shasta open pit/underground gold-silver mine, and the Baker mill and tailings storage facility.

Shasta Mine & Baker Infrastructure and Equipment

The Shasta Mine is located 9 km east from Sable's processing and camp facilities. Production began in 1989 and has been operated by Sable intermittently until 2012 when the mine was put on care-and-maintenance. Historical production from the Shasta mine primarily occurred during the periods 1989-1991 (JM and D zones), and 2008-2012 (Creek zone). The mine production was processed at Sable's Baker mill, commonly at rates of 200-250 ton/day, where gold and silver dore was produced for sale. There are two Production Leases, one at the Chappelle Property (P.L. No. 13, Lot 1048) and one at Shasta Mine (P.L. No. 48). Permitted tailings and waste facilities are used.

Chappelle (Baker and Multinational Mines) Property

The Chappelle ground covers the historically mined Dupont/Baker 'A' vein mine, and the Multinational 'B' vein mines. The Baker Mine (referred to as the Dupont/Baker 'A' deposit) was operated by Dupont Canada during the period 1981–1983 as an underground and open pit gold - silver mine. The Dupont operation included a 90 tons per day whole ore cyanidation plant using the Merrill-Crowe process. Historical production from the Dupont/Baker miner totalled 81,878 tonnes producing 1,283,973 grams (41,285 ounces) gold, 23,812,572 grams (765,677 ounces) silver and 13,076 kilograms copper. Sable acquired the Baker site including the processing facility in 1989 and subsequently modified it to a flotation circuit with optional concentrate cyanidation.

Mets Lease

The Mets Lease is located approximately 20 km north of the Baker and Multinational Mines. The mining lease covers 2 km^2 and is subject to a 1% NSR which can be purchased at any time for Canadian $500,000. Historical work performed on the property dating back to the discovery of mineralization in the mid 1980's consisted of 8,784m of diamond drilling, geological and geochemical surveys.

Bot Property

The Bot Property consists of 3,273 ha of mineral tenure in the Toodoggone district and is located approximately 35 km north of Sable's Baker milling facilities in northern British Columbia. Previous work completed in 2004 and 2006 outlined significant mineralization on the property.

Tulox Property

The Tulox Project is located in south-central British Columbia and consists of 18 contiguous mineral claims that encompass an area of 14,753.4 hectares. Mineralisation occurs along the contact of the intrusive and is interpreted to be of Intrusion Related type (IRGS). A robust soil anomaly defined by numerous multi-line, multi-station values above 80ppb is coincident with the contact of 2 felsic intrusive bodies, distinguished by differing Thorium-Potassium gamma ray spectrometer signatures.

WCGG Properties

WCGG Properties consist of early stage exploration projects in southern and central British Columbia (Tulameen South, New Bluejay and Sauchi Creek Projects). The projects were staked directly by WCGG based upon ongoing review of the B.C. Minfile, ARIS, geological, geophysical and land tenure database. Each of the properties contains composite mineral occurrence and geochemical-geophysical anomalies that support potential for the properties to host exploitable mineral resources.

Spences Bridge Regional Program

The Spences Bridge Regional Program consists of a 189,197-hectare land packaging of the Spences Bridge Gold Belt in southern British Columbia. A strategic alliance has been formed with Westhaven Ventures Inc. ("Westhaven") who owns the Shovelnose Project contiguous to Sable's claims. Under the strategic alliance, Sable entered into an agreement whereby any ground staked by Sable within 5 km of Westhaven's existing projects will be subject to a 2.5% net smelter royalty. Additionally, Westhaven has a 30 day right of first refusal for a three-year period for any properties within the same 5 km radius.

Sale of Former Israel Business Operations

On September 14, 2018, the Company entered into a share purchase agreement (the "Agreement") with DYG Holdings Ltd. (the "Purchaser"), pursuant to which the Company agreed to sell all of the shares of its Israeli subsidiaries to the Purchaser representing a sale of all of the Company's former operating business (the "Sale Transaction"). The Company entered into the Agreement in order to complete its process of winding up its operations in Israel. Under the terms of the Agreement, the Company agreed to sell all of the issued and outstanding shares of Xenemetrix Ltd., Croptimal Ltd., and Xwinsys Technology Development Ltd. (the "Discontinued Subsidiaries") for nominal consideration and the possibility of receiving post-closing earn-out payments, only if the Purchaser succeeds in re-establishing the business of the Discontinued Subsidiaries and realizing profits during the earn out period ending December 31, 2025. Any such earn-out payments would represent 20% of the net profit of the purchased companies, after various adjustments up to a maximum of $4,000,000. The Agreement contained only basic representations and warranties and the sale was completed substantially on an “as is where is” basis.

On October 31, 2018, the Sale Transaction was approved by shareholders at a special meeting of shareholders and the Sale Transaction was finalized.

In its news release issued on July 31, 2018, the Company first announced its plans to discontinue its Israeli operations and that it had entered into a comprehensive agreement with SICPA Finance (“SICPA Finance”), SICPA SA, and SICPA Global Fluids Integrity SA (“GFI”) that terminated the long term supply, maintenance and support agreement between Xenemetrix and GFI and settled the outstanding amount owing to the Company by SICPA Finance (the “SICPA Termination Agreement”). Under the terms of the SICPA Termination Agreement, SICPA Finance agreed to pay the Company a total of $3,400,000 in full satisfaction of all of the remaining net revenue based earn-out obligations owed by it to the Company in connection with its sale of GFI to SICPA, payable in installments of $800,000, $1,300,000 and $1,300,000 on August 2, 2018, October 1, 2018 and January 3, 2019, respectively. The SICPA Termination Agreement was entered into by the Company to help facilitate an orderly transition of its business, eliminate risk and to strengthen its short-term cash position.

Claim

On June 21, 2018, Yellow Brick Capital Advisers (UK) Limited filed a claim against the Company, its subsidiary, Croptimal Ltd., and one of its officers in the Magistrates Court, in Tel Aviv, Israel. The lawsuit alleges that the Company and one of its officers lacked good faith in carrying out and terminating negotiations for a possible sale of the shares of Croptimal Ltd. In its claim, the plaintiff seeks monetary damages of 518,459 New Israeli Shekels (approximately, 185,245 Canadian dollars). The Company’s management believes the claim is without merit. A Statement of Defence and a Counter-Claim have been filed in the Magistrates Court, in Tel Aviv, Israel.

For a discussion of certain risks, please refer to the Risks and Uncertainties section of this MD&A.

LEADERSHIP TEAM

Paul Wood – Interim President and Chief Executive Officer, Director (1)(2)(3*)
Dennis Logan – Chairman (1*)(2)(3)
Andres Tinajero – Chief Financial Officer
Charlotte May – Corporate Secretary
Christine Macqueen – Director
Kenneth Wawrew – Director (1)(2*)(3)

Notes:
(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Special Committee
* Denotes Committee Chair

Experience profiles for the board and management are available at www.eurocontrol.ca.

SUMMARIZED FINANCIAL RESULTS

	Three Months Ended December 31, 2018 $	Three Months Ended December 31, 2017 $	Year Ended December 31, 2018 $	Year Ended December 31, 2017 $
Revenue - discontinued operations	349,329	940,005	1,168,726	2,701,010
Cost of sales - discontinued operations				
Cost of sales - direct production costs	(118,795)	(516,873)	(761,790)	(1,285,247)
Cost of sales - amortization and other non cash items	-	(44,347)	(37,454)	(177,392)
	(118,795)	(561,220)	(799,244)	(1,462,639)
Gross profit - discontinued operations	230,534	378,785	369,482	1,238,371
Expenses from continuing operations	(329,998)	(219,365)	(1,911,807)	(975,215)
Expenses from discontinued operations	(278,336)	(1,986,031)	(4,362,042)	(6,488,227)
Other (expense) income - continuing operations	370,564	137,520	(1,047,726)	736,086
Other (expense) income - discontinued operations	(447,890)	11,735	(1,919,986)	(29,597)
Income tax recovery	-	-	-	95,000
Net loss - continuing operations	40,566	(81,845)	(2,959,533)	(144,129)
Net loss - discontinued operations	(495,692)	(1,595,511)	(5,912,546)	(5,279,453)
Net loss	(455,126)	(1,677,356)	(8,872,079)	(5,423,582)
Basic and diluted loss per share				
- from continuing operations	0.00	-	(0.03)	-
- from discontinued operations	(0.01)	(0.02)	(0.06)	(0.06)
- net loss	(0.00)	(0.02)	(0.10)	(0.06)
EBITDA	(447,708)	(1,750,199)	(9,067,117)	(5,999,106)
EBIT	(455,176)	(1,823,495)	(9,207,359)	(6,263,177)

RESULTS OF OPERATIONS

EBITDA for the year ended December 31, 2018 decreased by $3,068,011 to $(9,067,117) compared to $(5,999,106) for 2017. EBITDA for the year ended December 31, 2018 decreased in comparison to 2017 primarily due to the decrease in sales of discontinued operations as well as the impairment charge of $1,350,617 related to the discontinued operations and the write down of the long term receivable of $1,761,680. EBITDA for subsequent quarters is expected to improve as a result of the sale of the subsidiaries in Israel.

For the year ended December 31, 2018, net loss amounted to $8,872,079, which is higher than the net loss of $5,423,582 in 2017. The higher net loss in 2018 is due to decreases in revenue from discontinued operations as discussed above as well operations as well as the impairment charge of $1,350,617 related to the discontinued operations and the write down of the long term receivable of $1,761,680. For the three month period ended December 31, 2018, the Company recorded a net loss of $455,126 compared to a net loss of $1,677,356 for the comparative three month period ended December 31, 2017. The decrease is due to the same primary items affecting the year end fluctuation.

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Expenses

Expenses from continuing operations of $1,911,807 for the year ended December 31, 2018, increased in comparison with the expenses of $975,215 for the year ended December 31, 2017. The increase for the period is primarily due to the following variances with remaining expenditures remaining consistent between the two periods:

- Consulting and management expenses increased from $530,023 for the year ended December 31, 2017 to $1,365,965 for the year ended December 31, 2018 due to severance payments made to the former CEO and the former CFO of the Company's Discontinued Subsidiaries as well as a severance accrual for the former COO and CEO of the Company's Discontinued Subsidiaries in relation to termination agreements entered pursuant to the Board of Director's decision to discontinue operations.
- Administration expenses increased to $413,022 for the year ended December 31, 2018 from $183,458 for the same period in 2017 due to an increase in professional fees related to strategic reviews of operations, the cessation of the Discontinued Subsidiaries and sale of the Discontinued Subsidiaries and the pursuit of a transformative transaction.
- Share-based expenses increased to $78,500 for the year ended December 31, 2018 from $38,000 for the same period in 2017 due to an increase in stock options and RSU's issued during the period, see note 13 of the consolidated financial statements for the years ended December 31, 2018 and 2017 for additional details.

Expenses of $329,998 for the three month period ended December 31, 2018 increased in comparison to the expenses of $219,365 for the three month period ended December 31, 2017, primarily due to increases in administration expenses as discussed above.

Discontinued operations

Revenue from discontinued operations for the year ended December 31, 2018 decreased to $1,168,726 (US$927,709) from $2,701,010 (US$2,081,865) for the year ended December 31, 2017, a 57% decrease in Canadian dollar sales which reflect a 55% decrease in US dollar sales with the difference attributable to changes in the foreign exchange rate.

For the year ended December 31, 2018, the Company had a gross profit from discontinued operations of $369,482 (2017 – $1,238,371). These amounts include non-cash cost of sales items consisting of amortization of technology rights and patents amounting to $37,454 (2017 - $177,392) for the year ended December 31, 2018. These non-cash cost of sales items are recurring costs based on the original development of the technology that the Company does not have any cost control over. Gross margins excluding these non-cash cost of sales items was 35% for the year ended December 31, 2018 (2017 – 52%). The variance in gross margin is due to US dollar sales relating to detectors and ancillary equipment having decreased by 57% for the year ended December 31, 2018. The cost of sales during the comparable periods decreased from $1,285,247 for the year ended December 31, 2017 to $761,790 for the year ended December 31, 2018 representing a decrease of 41%, in relation to the decrease in revenue.

Expenses from discontinued operations of $4,362,042 for the year ended December 31, 2018 decreased in comparison with the expenses of $6,488,227 for the year ended December 31, 2017. The reduction in expenses of discontinued operations relates primarily to a reduction in research and development costs, being a reduction in employees in the Discontinued Subsidiaries between the periods - $1,964,965 for the year ended December 31, 2018 (2017 – $3,453,764) due to poor sales performance and sales and administration costs amounting to $1,022,640 for the year ended December 31, 2018 (2017 – $1,558,276) also decreased with less activity from the Discontinued Subsidiaries in Israel. Discontinued operations also included an impairment charge related to the sale of the subsidiaries in Israel which amounted to $1,350,617 (2017 - $nil).

Other Income/Expenses

The Company also incurred a foreign exchange translation gain of $366,516 for the year ended December 31, 2018, compared to a loss of $11,355 for the year ended December 31, 2017. The increase in the gain is due to the recognition of exchange differences previously recorded under other comprehensive income which were reclassified to the income statement upon sale of the subsidiaries in Israel.

The Company also recorded interest accretion income of $314,370 (2017 - $661,230) during the year ended December 31, 2018, representing interest accretion on the long term portion of the earn out proceeds receivable from SICPA as per the terms of the sale of GFI. The receivable was settled during the year ended December 31, 2018 as such, interest accretion will no longer be recurrng in future quarters.

SELECTED FINANCIAL INFORMATION

The information below should be read in conjunction with the consolidated financial statements and related notes and other financial information. The following is for the periods ended:

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
	$	$	$
Revenue – discontinued operations	1,168,726	2,701,010	1,664,737
Income (Loss)			
- from continuing operations	(2,959,533)	(144,129)	(4,950,348)
- from discontinued operations	(5,912,546)	(5,279,453)	16,484,172
- net income (loss)	(8,872,079)	(5,423,582)	11,533,824
Income (Loss) per share			
- from continuing operations	(0.03)	(0.06)	(0.05)
- from discontinued operations	(0.06)	-	0.18
- net income (loss)	(0.10)	(0.06)	0.13
Total assets at end of year	4,797,461	14,541,868	19,640,603

SUMMARY OF QUARTERLY RESULTS

The following tables set forth selected financial information for each of the Company's eight most recently completed quarters:

	Q4 2018 $	Q3 2018 $	Q2 2018 $	Q1 2018 $
Revenue – discontinued operations	349,329	143,111	327,969	348,317
Cost of sales – discontinued operations	(118,795)	(138,324)	(292,544)	(249,581)
Gross profit – discontinued operations	230,534	4,787	35,425	98,736
Expenses	(329,998)	(906,132)	(227,203)	(448,474)
Expenses – discontinued operations	(278,336)	(2,421,604)	(1,605,985)	(1,553,567)
Other income (expense)	(435,582)	(1,685,572)	127,263	131,759
Foreign exchange gain (loss)	358,256	5,425	7,988	20,201
Income tax recovery	-	-	-	-
	(685,660)	(5,007,883)	(1,697,937)	(1,850,081)
Net loss	(455,126)	(5,003,096)	(1,662,512)	(1,751,345)
Basic income (loss) per share				
- from continuing operations	(0.00)	(0.00)	(0.01)	(0.02)
- from discontinued operations	(0.03)	(0.03)	0.00	0.00
- net income (loss)	(0.01)	(0.05)	(0.02)	(0.02)
Total assets at end of period	4,797,461	6,145,572	10,919,534	12,642,331

	Q4 2017 $	Q3 2017 $	Q2 2017 $	Q1 2017 $
Revenue – discontinued operations	940,005	492,194	708,563	560,248
Cost of sales – discontinued operations	(561,220)	(226,716)	(257,596)	(417,107)
Gross profit – discontinued operations	378,785	265,478	450,967	143,141
Expenses	(219,365)	(214,595)	(241,475)	(299,780)
Expenses – discontinued operations	(1,986,032)	(1,573,397)	(1,462,649)	(1,466,150)
Other expense (income)	146,139	143,522	265,208	192,571
Foreign exchange loss (gain)	3,117	(16,957)	(20,529)	(6,581)
Income tax recovery	-	-	37,000	58,000
	(2,056,141)	(1,661,427)	(1,422,445)	(1,521,940)
Net income (loss)	(1,677,356)	(1,395,949)	(971,478)	(1,378,799)
Basic and fully diluted income (loss) per share				
- from continuing operations	(0.03)	(0.00)	(0.01)	(0.02)
- from discontinued operations	0.00	(0.01)	0.00	0.00
- net income (loss)	(0.03)	(0.02)	(0.01)	(0.02)
Total assets at end of period	14,541,868	15,729,379	17,188,484	18,304,747

Over the past eight quarters, revenues from discontinued operations have ranged from a low of $143,111 in the third quarter of 2018 to a high of $940,005 in the fourth quarter of 2017. Revenues in the other periods have ranged between the historical normal ranges of $0.3 million to $0.7 million. The revenue trend saw sales increase in 2016 and 2017 reflecting an increase in detectors and ancillary products revenue of Xenemetrix due primarily to the investment the Company made into the ED-XRF platform and marketing which introduced the updated Xenemetrix product line, in particular its mobile systems. Despite sales increasing for a period in 2017, the Discontinued Subsidiaries continuing to operate at a loss. With continued losses anticipated, in March 2018, the Company's board of directors instituted a strategic review. The steady decline in sales in 2018 led to the Company's decision to discontinue the operations in Israel. Cost of sales over the quarters varied depending on the level of customization on equipment sales and margins over sales decreased in 2018 compared to an average margin of 52% during 2017 due to the impact of fixed costs over less revenue. Cost of sales ranged from a low of $118,795 in the fourth quarter of 2018 to a high of $561,220 during the fourth quarter of 2017 which variance is attributed to fluctuations based on the degree of customization on detector and ancillary equipment sales with gross profit varying in correlation as well as the effect of foreign exchange rates. Expenses from continuing operations have fluctuated somewhat quarter over quarter ranging from a low of $214,595 in the third quarter of 2017 to a high of $906,132 in the third quarter of 2018. Expenses from continuing operations usually range from $200,000 to $300,000 with the first and third quarters of 2018 realizing higher expenses due to severance costs for the former CEO as well as severance costs pursuant to the decision to terminate operations of the former subsidiaries in Israel. Expenses from discontinued operations also fluctuated quarter over quarter ranging from a low of $278,336 in the fourth quarter of 2018 to a high of $2,421,604 in the first quarter of 2018. The lower expenditure during the last quarter in 2018 is attributable to only one month of operations being included in the results prior to the sale of the Discontinued Subsidiaries in Israel which was effective October 31, 2018.

Disclosure of Outstanding Share Data as of March 19, 2019

	Authorized	Outstanding
Voting or equity securities issued and outstanding	Unlimited Common Shares	92,450,238 Common Shares
Securities convertible or exercisable into voting or equity shares		a) Options to acquire up to 2,525,000 common shares b) RSU's to acquire up to nil common shares c) Nil Warrants exercisable to acquire common shares of the Company

See note 11, 12 and 13 to the consolidated financial statements for the years ended December 31, 2018 and 2017 for more detailed disclosure of outstanding shares data.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, marketable securities and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair values of these financial instruments approximate their carrying values.

Dividends

The Company has neither declared nor paid any dividends on its common shares. The Company intends to retain its earnings, if any, to finance growth and expand its operation and does not anticipate paying any dividends on its common shares in the foreseeable future.

Assessment of Recoverability of Deferred Income Tax Assets

In preparing the consolidated financial statements, the Company is required to estimate its income tax obligations. This process involves estimating the actual tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. The Company assesses, based on all available evidence, the likelihood that the deferred income tax assets will be recovered from future taxable income and, to the extent that recovery cannot be considered “more likely than not,” a valuation allowance is established. If the valuation allowance is changed in a period, an expense or benefit must be included within the tax provision on the consolidated income statement.

Estimate of Stock Based Compensation and Associated Assumptions

The Company recorded stock-based compensation based on an estimate of the fair value on the grant date of stock options issued. This valuation required estimates of interest rate, life of options, stock price volatility and the application of the Black-Scholes option pricing model. See note 13 of the consolidated financial statements for the years ended December 31, 2018 and 2017 for more detailed disclosure of outstanding shares data.

Assessment of Recoverability of Receivables

The carrying amount of amounts receivable, receivable under earn out agreement and long term portion of receivable under earn out agreement are considered representative of their respective values. The Company assesses the likelihood that these receivables will be recovered and, to the extent that recovery is considered doubtful a provision for doubtful accounts is recorded. The Company considers current receivables to be fully collectible.

LIQUIDITY AND CASH FLOWS

The Company ended the fiscal 2018 with cash of $946,611, compared to $6,500,080 as at December 31, 2017. The Company had working capital of $4,165,835 as at December 31, 2018 compared to working capital of $8,307,402 as at December 31, 2017.

Cash used in operating activities was $3,009,294 for the year ended December 31, 2018 compared to cash used of $4,411,751 for the year ended December 31, 2017. Cash flows used in operating activities was lower between the two periods primarily due to the decrease in revenue from discontinued operations.

Cash flows used in investing activities was $2,576,626 for the year ended December 31, 2018, compared to cash provided by of $2,326,867 for the year ended December 31, 2017. Investing activities mainly related to investments in marketable securities. The amount of cash provided by investing activities was higher in the comparable period primarily due to the net sale of marketable securities of $nil (2017 - $2,712,000), compared to purchases of $2,514,385 (2017 - $nil) in the current period.

Cash used in financing activities was $nil for the year ended December 31, 2018 compared to cash used in financing activities of $4,450 for the year ended December 31, 2017. Financing activities mainly relate to the issuance of shares. The use of cash in the comparable period was due to the share repurchases of $4,450 during that period.

Cash used by discontinued operations was $4,985,056 for the year ended December 31, 2018 (2017 - $5,358,195). Discontinued operations relate to the operations of the Discontinued Subsidiaries. The lower cash flows for the year ended December 31, 2018 as compared to 2017 is due primarily to the decrease in sales at Xenemetrix.

It is not possible to predict if or when the Company will achieve profitable levels of operations as the Company has sold its former operations and is planning to change its business focus to mineral exploration. Management of the Company expects that the Company's existing cash and the proceeds from the Private

Placement in relation to the Transaction will be adequate to meet its short-term working capital requirements for the next 12 months. As at December 31, 2018, the Company had working capital of $4,165,835 (December 31, 2017 - $8,307,402). Based on working capital of $4,165,835 (December 31, 2017 - $8,307,402) and proceeds from the Private Placement in relation to the Transaction, the Company believes it will meet its working capital requirements for the next 12 months.

TRANSACTIONS WITH RELATED PARTIES

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the compensation committee.

The remuneration of directors and other members of key management personnel during the years ended December 31, 2018 and 2017 were as follows:

For the years ended December 31,	**Note**		**2018**		**2017**
Bruce Rowlands (former Chairman and CEO)	1	$	250,000	$	200,000
Andres Tinajero (CFO)	2		120,500		100,000
Doron Reinis (former COO, former President, Discontinued Subsidiaries)	3		726,850		419,850
Charlotte May (Corporate Secretary)	4		116,500		96,000
Gilles Leraille (former Director)	5		-		38,000
Dennis Logan (Director)	6		63,000		18,000
Christine Macqueen (Director)			-		-
Paul Wood (CEO and Director)	7		215,250		18,000
Kenneth Wawrew	8		58,000		18,000
		$	**1,548,100**	**$**	**907,850**

Notes:

1. For the year ended December 31, 2018, Bruce Rowlands, through his Company W. B. Rowlands & Company Ltd., was paid $50,000 (2017 - $200,000) in professional service fees for CEO services pursuant to an agreement entered into by the Company and W. B. Rowlands & Company Ltd. In addition, $200,000 (2017 – $nil) was paid for severance in the three month period ended March 31, 2018.
2. For the year ended December 31, 2018, Andres Tinajero, through his Company, 2222263 Ontario Inc., was paid $100,000 (2017 - $100,000) in professional service fees for CFO services pursuant to an agreement entered into by the Company and 2222263 Ontario Inc. In addition 100,000 stock options and 500,000 RSU's (2017 - nil and nil) were issued with a value of $3,000 and $17,500 respectively (2017 - $nil and $nil respectively).
3. For the year ended December 31, 2018, Doron Reinis, through Business Processes Logistic Services Ltd. ("BPLS"), a company that Doron Reinis holds a 50% interest in, was paid $316,350 (2017 - $419,850) in professional service fees for services as former COO of Eurocontrol and as former President of Xenemetrix, XwinSys and Croptimal pursuant to an agreement assumed by the Company when it acquired Xenemetrix in 2010. These fees were included under discontinued operations, see note 19. In addition, $410,500 (2017 – $nil) was accrued for severance in the year ended December 31, 2018 pursuant to a termination agreement entered into on July 30, 2018 (Note 11).
4. For the year ended December 31, 2018, Charlotte May, through her Company CMA Corporate Management, was paid $96,000 (2017 - $96,000) in professional service fees for corporate secretarial services pursuant to an agreement entered into by the Company and CMA Corporate Management. In addition, 100,000 stock options and 500,000 RSU's (2017 - nil and nil) were issued with a value of $3,000 and $17,500 respectively (2017 - $nil and $nil respectively).
5. For the year ended December 31, 2018, Gilles Leraille, a former director, was issued nil and nil (2017 - nil and 300,000 respectively) stock options respectively with a value of $nil and $nil respectively (2017 - $nil and $38,000 respectively). These options expired unexercised on September 23, 2017 in accordance with the terms of the Company's stock option plan.

6. For the year ended December 31, 2018, Dennis Logan, through his Company 9703373 Canada Inc., was paid $59,000 (2017 - $18,000) in director and special committee fees. In addition 150,000 stock options (2017 - nil) were issued with a value of $4,000 (2017 - $nil).
7. For the year ended December 31, 2018, Paul Wood, through his Company Kappa Advisors Ltd., was paid $183,750 (2017 - $18,000) for CEO services and director and special committee fees. In addition 200,000 stock options and 700,000 RSU's (2017 - nil and nil) were issued with a value of $5,000 and $24,500 respectively (2017 - $nil and $nil respectively).
8. For the year ended December 31, 2018, Kenneth Wawrew was paid $54,000 (2017 - $18,000) in director and special committee fees. In addition 150,000 stock options (2017 - nil) were issued with a value of $4,000 (2017 - $nil).

As at December 31, 2018, an amount of $434,418 (December 31, 2017 - $9,996) due to key management personnel, was included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and without fixed terms of repayment.

The Company's Board of Directors has overall responsibility for the oversight of the Company's risk management policies. In carrying on its business, the Company is exposed to a variety of risks, including the risks described elsewhere in this MD&A. The Company can neither predict nor identify all such risks nor can it accurately predict the impact, if any, of such risks on its business, operations or the extent to which one or more risks or events may materially change future results of financial position from those reported or projected in any forward looking statements. Accordingly, the Company cautions the reader not to rely on reported financial information and forward-looking statements to predict actual future results. This MD&A and the accompanying financial information should be read in conjunction with this statement concerning risks and uncertainties. Some of the risks, uncertainties and events that may affect the Company, its business, operations, and results, are given in this section. However, the factors and uncertainties are not limited to those stated. The Company has policies and practices mandated by the Board of Directors to manage the Company's risks which include the risks described elsewhere in this MD&A and below.

Market Risk for Securities

The market price for Eurocontrol common shares could be subject to wide fluctuations. Factors such as overall market movements, commodity prices, government regulation, interest rates, and share price movements of peer companies and competitors may have a significant impact on the market price of the Company's securities. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Uninsured or Uninsurable Risk

Eurocontrol may become subject to liability for risks against which the Company cannot insure or against which it may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

Key Personnel Risk

The Company's success is reliant on its directors and officers developing the business and managing its operations. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that Eurocontrol will be able to attract or retain key personnel in the future, which may adversely impact its operations.

Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Eurocontrol will be dependent upon the capital markets to raise additional financing in the future. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, Eurocontrol may be subject to liquidity risks in meeting development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability to raise equity or obtain loans and other credit facilities in the future and on favourable terms.

Other Risk Factors

As the Company has a history of losses, there is no assurance that its business will ever become consistently profitable. Eurocontrol has incurred substantial losses since the Company was founded. There is no assurance that the Company will generate an overall profit from its business in the future or that it will reach profitability on a sustained basis.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, marketable securities and accounts payable and accrued liabilities. In the opinion of management of the Company, the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and the fair values of these financial instruments approximate their carrying values.

The Company classifies its financial instruments according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly;
- Level 3 – Inputs for assets or liabilities that are not based on observable market data

As at December 31, 2018 and December 31, 2017, there were no significant concentrations of credit risk for cash and cash equivalents , marketable securities and receivables. The carrying amount reflected above represents the Company's maximum exposure to credit risk for such cash and cash equivalents, marketable securities and receivables. As at December 31, 2018 and December 31, 2017, cash and cash equivalents were recorded at fair value under level 1 within the fair value hierarchy.

The carrying value of cash and cash equivalents, marketable securities and accounts payable and accrued liabilities approximate fair value because of the limited terms of these instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous reporting period.

Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents,marketable securities and receivables. Management believes that the credit risk concentration with respect to these financial instruments is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. As at December 31, 2018, the Company had a cash and cash equivalents balance of $946,611 (December 31, 2017 - $6,500,080) to settle current liabilities of $631,626 (December 31, 2017 - $1,440,117). Working capital for the Company as at December 31, 2018 was $4,165,835 (December 31, 2017 - $8,307,402).

Substantively all of the Company's financial liabilities have contractual maturities of less than 365 days and are subject to normal trade terms.

Market Risk

(a) Foreign currency risk

The Company's reporting currency is the Canadian dollar. The functional currency of the Company is the Canadian dollar. The strategic review may result in a transaction that may expose the Company to transactions denominated in foreign currencies, and as such the Company may be exposed to price risk due to fluctuations in foreign currency exchange rates against the Canadian dollar. The Company does not use derivative instruments to reduce exposure to foreign currency risk

Based on the foreign currency balances at December 31, 2018, a 10% change in foreign exchange rates between the Canadian dollar and these foreign currencies over the next year would affect net income by approximately $1,000 (2017 - $126,000). This analysis only addresses the impact on financial instruments with respect to currency movement and excludes other economic or geo-political implications of such currency fluctuation. In practice, actual results will likely differ from this analysis and the difference may be material.

The exposure of the Company's financial assets, including marketable securities and liabilities to foreign currency risk as at December 31, 2018 is as follows:

	CDN Dollar	**US Dollar**	**Total** (in CDN dollars)
Financial assets			
Cash and cash equivalents	$ 928,783	17,828	$ 946,611
Marketable securities	2,526,633	-	2,526,633
Amounts receivable	24,217	-	24,217
Current portion of long term receivable	1,300,000	-	1,300,000
	$ 4,779,633	$ 17,828	$ 4,797,461
Financial liabilities			
Accounts payable and accrued liabilities	$ 157,748	$ 473,878	$ 631,626
	$ 157,748	$ 473,878	$ 631,626

(b) *Commodities price risk*

The Company's future operations to commodity price risk due to external economic factors, changes in international investment patterns, and monetary systems and political developments.

(c) *Political risk*

The Company has no exposure to political instability.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Adoption New Accounting Standards

The adoption of the following new standards, interpretations and amendments where included in the financial statements for the year beginning January 1, 2018.

IFRS 9 Financial Instruments ("IFRS 9") – In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9's key changes include but are not limited to eliminating the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, and available for sale and (ii) replacing IAS 39's incurred loss model with the expected credit loss model in evaluating certain financial assets for impairment. In implementing IFRS 9, the Company updated the financial instrument classifications within its accounting policy as follows:

	IAS 39	**IFR 9**
Cash and Cash Equivalents	Fair Value through profit or loss	Fair Value through profit or loss
Marketable securities	Fair Value through profit or loss	Fair Value through profit or loss
Amounts receivable	Loans and Receivables, measured at amortized cost	Amortized cost
Current portion of long term receivable and long term receivable	Loans and Receivables, measured at amortized cost	Amortized cost
Investments	Available for sale	Financial asset at fair value through other comprehensive income
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	Financial liabilities at amortized cost

There was no material impact on the Company's consolidated financial statements upon adoption of this standard.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15") – In May 2014, the IASB issued IFRS 15, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. In implementing IFRS 15, the Company converted its revenue recognition policy into a five step model to recognize revenue upon satisfying performance obligations and transferring control of its inventory to its customers. The following is the new accounting policy for revenue recognition under IFRS 15: The five step model is summarized as follows:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company, through its discontinued operations had historically earned revenue from the sale of ED-XRF systems delivered to its customers, sold at a sales price based on customization of the system. The Company recognized revenue when it transferred control of the ED-XRF systems to the customer, which generally occurred upon delivery. Payment was receivable on the date of transfer of control. Accordingly, there was no material impact on the Company's consolidated financial statements upon adoption of this standard.

Pending Accounting Standards

At the date of authorization of these consolidated financial statements, the IASB and IFRIC had issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted. The Company has assessed the impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

IFRS 16 Leases ("IFRS 16"), was issued in January 2016 and it replaces IAS 17 Leases. IFRS 16 requires entities to recognize lease assets and lease obligations on the balance sheet. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead leases are "capitalized" by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognizes a financial liability representing its obligations to make future lease payments. IFRS 16 is effective for fiscal periods beginning on or after January 1, 2019. The Company has not yet determined the impact of the amendments on the Company's financial statements.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for all information contained in this report. The consolidated financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the consolidated financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Audit Committee has reviewed the consolidated financial statements with management. The Board of Directors has approved the consolidated financial statements on the recommendation of the Audit Committee.

March 19, 2019

Paul Wood
Interim President and CEO, Director