PHILIPPINE METALS INC.

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED MARCH 31, 2020
(expressed in Canadian Dollars)

1.1 Introduction and Date

The following Management Discussion and Analysis (MD&A) provides an analysis of the business of Philippine Metals Inc. (the "Company") for the year ended March 31, 2020. This MD&A should be read together with the Company's audited consolidated financial statements for the year ended March 31, 2020 (the "Financial Statements") and related notes attached. Those Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

This MD&A reflects information available as at July 27, 2020. All financial information in this MD&A related to fiscal 2020 and fiscal 2019 has been prepared in accordance with IFRS. All amounts are stated in Canadian dollars unless otherwise indicated. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. Additional information related to the Company is available for view on SEDAR at www.sedar.com or the Company's website at www.philippinemetals.com.

Management's Responsibility for the Financial Statements

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

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Statements in this document that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

1.2 Business Overview

Philippine Metals Inc. was incorporated on April 7, 1989 under the laws of the Province of Alberta. During the period, on April 17, 2018, the Company was continued into the Province of British Columbia., Canada and is primarily engaged in the exploration and development of resource properties.

The Company trades on the TSX Venture Exchange as a Tier 2 issuer under the symbol "PHI" and also trades on the Frankfurt Exchange under the symbol "PM7". To date, the Company has not earned significant revenues and is considered to be in the exploration stage. Other than its mineral properties described below, the Company has no other properties under development.

The Financial Statements referenced herein have been prepared in accordance with IFRS with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to complete for public equity financing, or to generate profitable operations in the future.

1.3 Overall Performance

Highlights

During the year ended March 31, 2020 the Company:

- Recorded a net loss of $143,889 or $0.01 per share as compared to a net loss of $208,773 or $0.02 per share for the year ended March 31, 2019;
- At March 31, 2020, had working capital of $95,998, which included cash of $188,810;
- Issued 3,571,428 common shares at a price of $0.07 per share for gross proceeds of $250,000 in relation to a private placement;

- Issued 100,000 common shares at a price of $0.10 per share for gross proceeds of $10,000 in relation to the exercise of warrants; Incurred no exploration and evaluation expenditures on its project in the Philippines; and
- Continued to promote discussions to identify potential partners for its Philippine projects and explore new business opportunities.

In view of the continuing challenging operating environment for junior exploration companies, the Company has continued a cautious approach to its ongoing expenditures related to both its properties and general and administrative expenses. The Company continues to explore relationships with potential partners to advance its Philippine projects. Additionally, the Company continues to monitor matters relating to its Malitao and Dilong exploration permit applications but as of yet has been unable to progress matters with the Philippines Mines and Geosciences Bureau (or "MGB") or other regulatory or legal authorities.

Appointment of Director

On April 29, 2019, the Company announced the appointment of Ms. Tracy Cairns to the Company's Board of Directors. The Company has agreed to grant Ms. Cairns incentive stock options entitling her to purchase up to a total of 300,000 common shares at a price of $0.07 per share. The options have not been issued as of the date of this MD&A.

Letter of Intent for Proposed Acquisition

On June 24, 2019, the Company entered into a Letter of Intent with Labtronix Inc. ("Labtronix") doing business under the name Venom Extracts, whereby the Company was to acquire all of the outstanding shares of Labtronix in exchange for shares of the Company. The Acquisition would have constituted a reverse takeover of the Company. Pursuant to the Transaction, the Company anticipated consolidating its outstanding common shares on the basis on one new share for every three old shares. The Company would then have issued 46 million new shares in exchange for 100% of the issued and outstanding shares of Labtronix. The Company intended to de-list from the TSX Venture Exchange and obtaining a listing of its shares on a post-transaction basis on the Canadian Securities Exchange. De-listing from the TSX Venture Exchange would have been subject to receipt of shareholder approval. The Transaction was subject to a number of terms and conditions, which were not met (see Termination of Letter of Intent note below).

Private Placement Financing

On August 13, 2019, the Company closed a private placement financing issuing 3,571,428 common shares at a price of $0.07 per Unit for gross proceeds of $250,000. The net proceeds of the private placement will be used for general working capital purposes.

Termination of Letter of Intent

On June 24, 2019, the Company entered into a letter of intent to acquire Labtronix Inc. ('Labtronix"). On October 15, 2019, the proposed transaction was terminated and the transactions contemplated therein, other than the private placement that was closed on August 14, 2019, will not proceed.

During the year ended March 31, 2020, the Company incurred transaction costs of $37,260 in connection with this proposed transaction. The Company is seeking reimbursement of the transaction costs it has incurred from Labtronix.

Resignation of Director

On January 17, 2020 Mr. Paul Bains resigned as a director of the Company.

Subsequent events

Letter of Intent for Proposed Acquisition

On June 22, 2020, the Company entered into a letter of intent with Bravo Zulu Drone Defense Inc. with respect to the acquisition of all of the outstanding shares of Bravo Zulu Drone Defense Inc. in exchange for shares of the Company. The acquisition will constitute a reverse takeover of the Company. The Company anticipates a consolidation of all its current issued and outstanding common shares on the basis of one new share for every four old shares.

Expiry of Stock Options

On April 17, 2020, 150,000 stock options that were granted to a director were cancelled as a result of his resignation on January 17, 2020.

1.4 Exploration and Evaluation Assets and Activity

As at March 31, 2020, the Company, through its subsidiaries, is primarily operating in the Philippines with respect to two mineral projects (the Malitao Project and the Dilong Project).

Philippines

The Company's current focus continues to be working towards a resolution of the outstanding legal and other issues facing its Malitao and Dilong properties in the Philippines. While the mining industry in the Philippines continues to be a challenging operating environment, management continues to diligently pursue various strategic alternatives to generate value for its shareholders from its Philippine assets. The Company incurred no exploration and evaluation expenditures during the periods ended March 31, 2020 and 2019.

For the year ended March 31, 2020:

	Cuatro Ciénegas	Dilong	Malitao	Total
Acquisition costs, March 31, 2018	$ -	$ 1	$ 1	$ 2
Additions during the year	-	-	-	-
Acquisition costs, March 31, 2019 and 2020	$ -	$ 1	$ 1	$ 2

1.5 Summary of Annual Results

	Year ended March 31, 2020 ($)	**Year ended March 31, 2019 ($)**	**Year ended March 31, 2018 ($)**
Total revenues	Nil	Nil	Nil
Net loss and comprehensive loss	(143,889)	(208,773)	(78,821)
Net loss per share – basic and fully diluted	(0.01)	(0.02)	(0.01)
Total assets	191,883	67,169	60,753
Working capital (deficiency)	95,998	(18,790)	(208,886)
Long-term and financial liabilities	Nil	Nil	Nil
Shareholders' equity	(96,000)	(18,788)	(208,884)

The loss for the year ended March 31, 2020 reflects an increase in general and administrative expenses from the previous year due to increased activities in the Guernsey subsidiaries as well as transaction and travel costs that were not incurred in the previous year. This is slightly offset by the decrease of management fees to $Nil for the year. The loss for the year ended March 31, 2019 reflects a reduction in general and administrative expenses from the previous year. This is largely due to a reduced payment or accrual of management fees and no stock based compensation recorded for the current year. This reduction is largely offset by a loss on settlement of debt of $96,000 for shares for debt transactions. The loss for the year ended March 31, 2018, reflects a reduction in general and administrative expenses from that which was incurred in 2017. This was largely offset by a gain on extinguishment of loan of $195,957, a write off of accounts payable of $13,419, a loss on settlement of debt of $42,750 and a gain on divestment of subsidiary of $11,970.

1.6 Results of Operations for the Three Months ended March 31, 2020

During the three month period ended March 31, 2020, the Company recorded a net loss and comprehensive loss of $36,461 or $0.00 per share compared to a net loss and comprehensive loss of $131,878, or $0.01 per share for the three month period ended March 31, 2019. The loss for the period includes total general and administrative expenses in the period of $36,713 (2019 - $36,399).

The Company's general and administrative expenses are analyzed below:

General and Administrative Expenses	Three Months ended March 31, 2020 ($)	Three Months ended March 31, 2019 ($)
Accounting and audit fees	10,050	15,000
Administration fees	15,080	13,291
Legal fees	2,980	106
Office and miscellaneous	541	386
Rent and utilities	900	900
Telephone	100	150
Transfer agent and filing fees	6,648	6,566
Travel	414	-
Total General and Administrative Expenses	36,713	36,399

General and administrative expenses were generally the same as the previous year. This includes legal fees of $2,980 (2019 - $106), administration fees of $15,080 (2019 - $13,291) and accounting and audit fees of $10,050 (2019 - $15,000).

1.7 Results of Operations for the Year ended March 31, 2020

During the year ended March 31, 2020, the Company recorded a net loss and comprehensive loss of $143,889 or $0.01 per share as compared to a net loss and comprehensive loss of $208,773 or $0.02 per share for the year ended March 31, 2019. The loss for the year included general and administrative expenses $143,898 (2019 - $121,809) and a loss on foreign exchange of $2,287 (2019 – loss of $976).

The Company's general and administrative expenses are analyzed below:

General and Administrative Expenses	Year ended March 31, 2020 ($)	Year ended March 31, 2019 ($)
Accounting and audit fees	34,815	40,956
Administration fees	30,442	22,355
Consulting fees	-	1,084
Legal fees	12,002	17,821
Management fees	-	10,000
Office and miscellaneous	4,222	3,806
Rent and utilities	3,600	3,600
Telephone	592	609
Transaction costs	37,260	450
Transfer agent and filing fees	15,955	21,128
Travel	5,010	-
Total General and Administrative Expenses	143,898	121,809

During year ended March 31, 2020, the Company continued to actively manage and minimize its expenditures in Canada and the Philippines while commodity and equity markets remained challenging, and matters relating to the Malitao and Dilong EPAs remained before the MGB. The Company has effectively closed its operations in the Philippines. The overall level of general and administration expenditures during the year ended March 31, 2020 was slightly increased than that of the prior year period. The reduction in general and administrative expenses reflects the following significant items:

- Accounting and audit expenses decreased to $34,815 (2019 – $40,956) as a result of catching up the Philippine subsidiary audits for a potential transaction in the prior year period;
- Administration fees increased to $30,442 (2019 - $22,355) as a result of increased activity in the Guernsey subsidiaries in relation to the administration for the Philippines subsidiary;
- Legal fees decreased to $12,002 (2019 – $17,821) due to different legal activity needed for potential transaction activity in the prior year period;
- A decrease in management fees to $Nil (2019 - $10,000) reflecting a verbal agreement to no longer accrue management fees after the first quarter of the previous year;
- Transaction costs increased to $37,260 (2019 - $450) in relation to the potential transaction with Venom Extracts that was terminated during the year;
- Transfer agent fees decreased to $15,955 (2019 - $21,128) due to a decreased need of services; and
- Travel fees increased to $5,010 (2019 - $Nil) due to managements need to travel in relation to various Company activity.

As at March 31, 2020, the Company had total assets of $191,883 compared to $67,169 as at March 31, 2019. The Company's asset value is represented by cash, receivables, and prepaid expenses and advances.

As at March 31, 2020, the Company had working capital of $95,998 as compared with a working capital deficiency of $18,790 as at March 31, 2019. The Company's working capital as at March 31, 2020 includes accounts payable and accrued liabilities of $93,574 (2019 - $83,767) and accounts payable to related parties of $2,309 (2019 – $2,190), which is partly offset by current assets of $191,883 (2019 – $67,169) including cash of $188,810 (2019 - $64,773), receivables of $1,187 (2019 - $1,909), and prepaid expenses and advances of $1,884 (2019 - $485). The increase in both working capital and cash during the period is attributed to proceeds from a private placement of $250,000.

1.8 Summary of Quarterly Results

Selected information derived from the Company's unaudited interim financial statements for the past eight quarters is as follows:

	Three Months Ended March 31, 2020	Three Months Ended December 31, 2019	Three Months Ended September 30, 2019	Three Months Ended June 30, 2019
Total revenues	$ Nil	$ Nil	$ Nil	$ Nil
Net loss and comprehensive loss	(36,303)	(21,858)	(59,737)	(25,991)
Total assets	191,883	214,031	228,124	44,500
Working capital (deficit)	95,998	132,459	154,317	(44,781)
Long-term liabilities	-	-	-	-
Net loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

	Three Months Ended March 31, 2019	Three Months Ended December 31, 2018	Three Months Ended September 30, 2018	Three Months Ended June 30, 2018
Total revenues	$ Nil	$ Nil	$ Nil	$ Nil
Net loss and comprehensive loss	(131,878)	(26,194)	(26,921)	(23,780)
Total assets	67,167	92,197	103,628	37,294
Working capital (deficit)	(18,790)	17,088	43,281	(232,666)
Long-term liabilities	-	-	-	-
Net loss per share – basic and diluted	(0.00)	0.00	(0.01)	(0.00)

The net loss for the period ended June 30, 2018 is attributed to general and administrative expenses of $22,687. The net loss for the period ended September 30, 2018 is attributed to general and administrative expenses of $28,768 which includes an increase of $5,070 (2017 – $1,500) in administration fees in relation to administrative needs for the Guernsey subsidiaries. The net loss for the period ended December 31, 2018 is attributed to general and administrative expense of $23,955 which included legal fees of $6,878 (2017 - $1,703) and transfer agent and filing fees of $2,976 (2017 - $1,387) in relation to the issuance of capital stock, settlement of shares for debt and possible divestment of Philippine subsidiary. The increase in the loss for the quarter ended March 31, 2019 is largely attributed to a loss on settlement of debt of $96,000, which was offset by a reduction in accounting and audit fees to $15,000 (2018 - $24,651), a reduction in legal fees to $106 (2018 - $4,872), and a reduction in office and miscellaneous expenses to $386 (2018 - $2,768). The loss reflected in the period ended June 30, 2019 is attributed to general and administrative expenses which include $4,225 (2018 - $Nil) in travel expenses in relation to the private placement financing and an increase in administration fees to $4,903 (2018 - $2,496), which is offset by a decrease in legal fees to $3,084 (2018 - $6,297). The net loss for the period ended September 30, 2019 is attributed to general and administrative expenses of $59,737 which includes transaction costs of $32,188 (2018 - $Nil). As previously noted, the Company is seeking reimbursement of $25,000 of these transaction costs from Labtronix. The net loss for the period ended December 31, 2019 is attributed to general and administrative expenses of $21,718, which includes $5,073 in transaction costs (2018 - $Nil) and administration fees of $3,208 (2018 - $1,500), which was offset by legal fees of $851 (2018 - $6,878), and accounting and audit fees of $8,000 (2018 - $10,957). The net loss for the period ended March 31, 2020 is attributed to general and administrative expenses of $36,713 which includes an increase in administration fees to $15,080 (2019 - $13,291) and an increase in legal fees to $2,980 (2019 - $106).

1.9 Liquidity and Capital Resources

As at March 31, 2020, the Company had a working capital of $95,998 (2019 – working capital deficiency of $18,790) including cash of $188,810 (2019 - $64,773). The increase in working capital is substantially attributable to G&A incurred during the quarter offset by a private placement. The financing activities that took place during the year ended March 31, 2020 was $250,000 in share subscriptions.

	March 31, 2020	March 31, 2019
Cash	$ 188,810	$ 64,773
Working capital (deficiency)	95,998	(18,790)
Shareholders' equity (deficiency)	(96,000)	(18,788)

During the year end, the Company closed a private placement raising gross proceeds of $250,000 (2019 - $142,869).

The Company currently has no operating revenues other than interest income but has been successful in meeting its acquisition and exploration capital and other operational funding requirements by completion of equity placements. The Company is considered to be in the exploration stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration programs. Despite success in completing these financings, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation.

The Company expects to incur further losses in the development of its business, all of which cast substantial doubt on the Company's ability to continue as a going concern. The Company will require additional financing in order to meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

The Company will require further funds to cover its general and administrative expenses for the next 12 months. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

1.10 Off-Balance Sheet Arrangements

The Company has no-off balance sheet arrangements other than what is reported in the Financial Statements. The Company`s off-balance sheet commitments are related to its exploration and evaluation assets and are disclosed in detail in Note 3 to the Financial Statements.

In accordance with the Dilong Deed of Assignment, monthly payments of US$2,500 are payable to the original Dilong EPA holders (the "Heirs") until the Dilong EPA is approved by the DENR. However, the total cumulative amount of such monthly payments is to be recognized as a deduction against a US$25,000 payment due when the DENR approves the Dilong EPA. In view of the actions taken by the DENR to cancel the Dilong EPA, the Company initiated discussions with the Heirs in early 2013 to amend and clarify the payments due pursuant to the Dilong Deed of Assignment. Accordingly, in February 2013, the Company suspended any further monthly payments pending the outcome of the discussions to amend the Deed of Assignment. The Company has presented to and discussed proposals with the Heirs but no amendment has been agreed nor are there any ongoing discussions currently.

The Company is also required to make all payments necessary to maintain the Suhi tenements in good standing, including any permit renewal or other required expenditures, otherwise ownership of the tenement EPs reverts back to the original holder of the tenement EPAs. On October 27, 2015, the Company provided formal and final notification to Citygroup Philippines Corporation ("Citygroup") and Canaan Richfield Inc. ("CRI") that following offers being made to return to them the Taurus and Suhi EPs and tenement rights, respectively, the Company would allow the exploration permits to expire unless Citygroup and CRI cooperated to effect the transfers of the properties in a timely manner. The Company is unable to determine if there are any further costs associated with the return of the properties and has not accrued any related amounts in the Financial Statements during the year ended March 31, 2020.

In addition, in respect of the granting of the Malitao and Dilong Project exploration permits the following payments would also become due:

- Malitao Project – a lump-sum equal to US$275,000 less the cumulative balance of monthly payments made previously payable upon the granting of the exploration permit. As at June 30, 2013, the Company had made monthly payments totalling US$275,000. Subsequent equal instalments ($91,666.67, less any monthly instalments paid) are due on the first, second and third anniversary of the granting of the exploration permit totalling US$275,000 in aggregate; and
- Dilong Project – US$25,000 per year on each anniversary date of the granting of the exploration permit up to a maximum of US$375,000. Monthly payments outlined above terminate at the time the exploration permit is granted (pending the outcome of discussions to amend the Deed of Assignment).

1.11 Transactions with Related Parties

During the years ended March 31, 2020 and 2019, the Company entered into the following transactions with related parties:

a) Purchase of services:

	March 31, 2020	March 31, 2019
Rent to a company controlled by the CEO and director of the Company	$ 3,600	$ 3,600
Accounting and administrative services to an interim officer of the Company	$ 18,000	$ 18,000

b) Key management compensation:

Key management includes the President, CEO and CFO. The compensation paid or payable to key management or companies controlled by them for director and/or management services is shown below:

		March 31, 2020		March 31, 2019
Fees reported as management fees	$	-	$	10,000

c) Accounts payable to related parties:

	March 31, 2020	March 31, 2019
Key management or companies controlled by them for management and consulting services, accounting and administrative services, and related out-of-pocket expenses	$ 2,309	$ 2,190

Amounts due to related parties are due to officers and companies controlled by directors and officers, are unsecured, are non-interest bearing and have no specific terms of repayment.

1.12 Outstanding Share Data

The following table summarizes the outstanding share capital as of the date of this MD&A:

	Number of shares issued or issuable
Common shares	20,118,338
Preferred shares	-
Stock options	850,000
Warrants	1,428,688

On August 13, 2019 the Company issued 3,571,428 common shares in connection with the Private Placement.

Escrowed Shares

As at March 31, 2018, there were 562,500 shares issued to Metex as consideration for the Malitao and Dilong exploration permit applications ("EXPAs") held in escrow to be released to Metex upon approval by the Department of Environmental and Natural Resources of the EXPAs. These shares have been released from escrow and the Company is in the process of cancelling these shares.

1.13 Financial Risk Management and Financial Instruments

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk and price risk), credit and liquidity risk. There have been no changes in the risk management approach or in any risk management policies during the year ended March 31, 2020.

The Company's financial instruments consist of cash, restricted cash, receivables, accounts payable, accounts payable to related parties and loans payable. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and accounts receivable. The Company limits its exposure to credit loss by placing its cash with major financial institutions. The majority of the Company's accounts receivable is comprised of GST input tax credits recoverable from the Canada Revenue Agency.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2020, the Company had a cash balance of $188,810 (2019 - $64,773) to settle current liabilities of $95,883 (2019 - $85,957). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt and therefore is not exposed to risk in the event of fluctuations.

(b) Foreign currency risk

The Company operates in Canada and the Philippines so is therefore exposed to foreign exchange risk arising from transactions denominated in foreign currencies.

The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, and the stock market to determine the appropriate course of action to be taken by the Company.

(d) Fair Value

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy 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 the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

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

1.14 Critical Accounting Estimates and Judgements and New Accounting Policies

Significant Accounting Estimates and Judgments

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

1. Valuation of common shares to settle debt obligations.

Critical accounting judgments

Examples of significant judgments, apart from those involving estimation, include:

- the accounting policies for exploration and evaluation assets;
- classification of financial instruments; and
- determination of functional currency.

New Standards, interpretations and amendments adopted

The new and revised standards adopted as at April 1, 2019 are as follows:

- IFRS 16 – Leases: The new standard replaced IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short term leases (i.e. leases of 12 months or less) and leases of low-value assets.

  There was no impact to the Company's financial statements as a result of adopting this new standard.

- IFRIC 23 – Uncertainty Over Income Tax Treatments: IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted.

  There was no impact to the Company's financial statements as a result of adopting this standard

1.15 Risk Factors

The operations of the Company are speculative due to the high risk nature of its business which includes the acquisition, financing, permitting, exploration, development and operation of mining properties. These risk factors could materially affect the Company's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company The risks and uncertainties described in this section are not inclusive of all the risks and uncertainties the Company may be subject to, and other risks may apply, but are considered by management to be the most important in the context of the Company's business.

Early Stage and Going Concern

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and the lack of revenue. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

The Company currently has no source of revenue and expects to obtain financing in the future primarily through further equity and/or debt financing, as well as through joint venturing and/or optioning out the Company's properties to qualified mineral exploration companies. While it has been successful in obtaining financing in the past, there is no guarantee that the Company will be successful now, or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and eventually to forfeit or sell its interest in its exploration and evaluation assets.

The Company expects to incur further losses in the development of its business, all of which cast substantial doubt on the Company's ability to continue as a going concern. The Company will require additional financing in order to meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

Exploration and Development

Mineral exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, though present, are of insufficient size and/or grade to return a profit from production.
The Company does not have any operating mines at present. All the Company's properties are in the exploration stage only, without a known body of commercial bodies of ore. There is no assurance that a commercially viable mineral deposit exists on any of the Company's properties and substantial additional work will be required in order to determine the presence of any such deposit.

Upon discovery of a mineralized occurrence, several stages of exploration and assessment are required before its economic viability can be determined. Development of the subject mineral properties would follow only if favorable results are determined at each stage of assessment. Few precious and base metal deposits are ultimately developed into producing mines.

There is no assurance that the Company's mineral exploration activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Operating hazards and risks

Mining operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of exploration, development and production of mineral properties, certain risks, and in particular unexpected or unusual geological operating conditions, including rock bursts, cave-ins, fires, flooding and earthquakes, may occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral deposits, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damages. Although the Company maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition.

Metal Prices

The mining industry, in general, is intensely competitive and there is no assurance that a profitable market will exist for the sale of metals produced even if commercial quantities of precious and/or base metals are discovered. Factors beyond the control of the Company may affect the marketability of metals discovered. Pricing is affected by numerous factors beyond the Company's control, such as international economic and political trends, global or regional consumption and demand patterns, increased production and smelter availability. There is no assurance that the price of metals recovered from any mineral deposit will be such that they can be mined at a profit.

Economic Conditions

Current and future unfavorable economic conditions could negatively impact the Company's financial viability. Unfavorable economic conditions could also increase the Company's financing costs, decrease net income or increase net loss, limit access to capital markets and negatively impact any of the availability of credit facilities to the Company.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

Environmental Regulations, Permits and Licenses

The Company's operations are principally based in Mexico and the Philippines where it is subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labor standards, occupational health, waste disposal, safety and other matters. Environmental legislation may provide restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact statements. Environmental legislation is evolving in a direction of stricter standards and enforcement, and higher fines and penalties for noncompliance.

Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

The current operations of the Company require permits from various Mexican and Philippine authorities and such operations are governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental, mine safety and other matters. The Company believes that it is in substantial compliance with all material laws and regulations which currently apply to its activities. There can be no assurance, however, that all permits which the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake. Although the Company has taken steps to verify title to the mineral properties it has an interest in, there is no guarantee that the property will not be subject to title disputes or undetected defects.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future. The Company may, in the future, be unable to meet its share of costs incurred under such agreements to which it is a party and it may have its interest in the properties subject to such agreements reduced as a result.

Currency Risks

The bulk of ongoing activities of the Company will be transacted in currencies other than Canadian dollars. The principal business activities of the Company will be denominated in Philippine pesos and US dollars. As a result, the cost of the Company's ongoing activities will be affected by currency fluctuations between Canadian dollars and international currencies, particularly the Philippine pesos and US dollar.

1.16 Internal and Disclosure Controls over Financial Reporting

The Alberta Securities Commission in which the Company is registered has exempted Venture Issuers from certifying disclosure controls and procedures, as well as, Internal Controls of Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is now required to file basic certificates, which it has done for the year ended March 31, 2020. The Company makes no assessment relating to the establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at March 31, 2020.

1.17 Outlook

The Company's primary focus for the foreseeable future will be to continue actively seek alternative strategic opportunities for the Company and shareholders to realize on or protect the value in their investment, including identifying potential partners for its remaining projects in the Philippines.