

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six month periods ended June 30, 2019 and June 30, 2018
(Expressed in Canadian dollars)

Date of Report:

August 29, 2019

PEDRO RESOURCES LTD.

Management's Discussion and Analysis

For the three and six month periods ended June 30, 2019 and June 30, 2018

BACKGROUND

This discussion and analysis has been prepared as at August 29, 2019 and should be read in conjunction with the audited financial statements for the years ended June 30, 2018 and 2017 of Pedro Resources Ltd. (the "Company" or "Pedro"). All dollar figures included in the following Management's Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Certain information in this MD&A or incorporated by reference, and in other public announcements by the Company is forward-looking and is subject to important risks and uncertainties. Words such as "may", "will", "believe", "expect", "anticipate", "estimate" and similar expressions identify forward-looking statements. This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian and US securities legislation. Forward-looking statements relate to future events or activities or future performance and reflect management's expectations or beliefs regarding future events. All statement in this MD&A, other than statements of historical fact, are forward-looking statements, and include, but are not limited to, statements with respect to the potential acquisition of mineral properties of merit and the subsequent exploration and, if warranted, development of and production from, any such properties; the ability of the Company to carry out and complete one or more private placements; the Company's expectation that it will receive additional loans from directors; the Company's expectation that it will be able to secure the necessary funding in order to be able to remain in operation; and the Company's overall proposed business and financing plans. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or "does not believe", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, by their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, the inability of the Company to raise the required funding for any proposed mineral property acquisitions, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market price of any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, the Company's inability to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, or accidents, labour disputes and other risks of the mineral exploration and mining industry. Since there can be no assurance that forward-looking statements will prove to be accurate, and as actual results and future events could differ materially from those anticipated in such statements, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on our behalf, except as required by law.

The Company's is a reporting issuer in British Columbia and Alberta trading on the NEX Board of the TSX Venture Exchange under the symbol "PED.H". In accordance with TSX Venture Exchange policies the Company's listing will remain as an NEX listing until it acquires a qualifying business and meets the related TSX Venture Board requirements.

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HIGHLIGHTS FOR THE PERIOD ENDED JUNE 30, 2019

On February 16, 2018, the Company announced the appointment of Glenda Kelly to the Board of Directors and the resignation of John McCleery as a director.

On March 14, 2018, the Company announced the resignation of Lawrence Talbot as a director of the Company.

In addition, on October 17, 2018, 8,092,734 warrants were exercised at \$.125 each. Aggregate proceeds received from the warrants exercise were \$1,011,683.

Summary of Quarterly Results

The following table sets out selected financial information, presented in Canadian dollars and prepared in accordance with IFRS. The information contained herein is drawn from interim financial statements of the Company for each of the aforementioned eight quarters.

	June 30, 2019	March 31, 2019	Dec 31, 2018	Sept 30, 2018
	\$	\$	\$	\$
Revenue	-	-	-	-
Net Loss	(118,085)	(86,997)	(372,840)	(35,591)
Net Loss per share (basic and diluted)	(0.01)	(0.01)	(0.03)	(0.00)

	June 30, 2018	March 31, 2018	Dec 31, 2017	Sept 30, 2017
	\$	\$	\$	\$
Revenue	-	-	-	-
Net Loss	(51,104)	(78,021)	(312,447)	(70,785)
Net Loss per share (basic and diluted)	(0.00)	(0.01)	(0.07)	(0.03)

RESULTS OF OPERATIONS**Comparison of the six months periods ended June 30, 2019 and June 30, 2018**

The Company sustained a loss of \$205,082 for the six-month period ended June 30, 2019 versus a loss of \$129,125 for the same period ended June 30, 2018. The year to year changes are affected by many factors such as variations in capital markets, the timing of any write-down or write-off of capitalized expenditures, the accrual of share-based compensation costs, tax recoveries and legal matters.

The Company has yet to generate any revenues as the operating results for the period ended June 30, 2019 continue to reflect the Company's ongoing listing and project review costs.

PEDRO RESOURCES LTD.**Management's Discussion and Analysis****For the three and six month periods ended June 30, 2019 and June 30, 2018****RESULTS OF OPERATIONS (Cont'd)****Comparison of the six month periods ended June 30, 2019 and June 30, 2018 (Cont'd)**

	6 months		
	June 30, 2019	June 30, 2018	Variance
General and administrative expenses			
Bank charges	\$ 584	\$ -	\$ 584
Computer and Internet expense	6,500	-	6,500
Consulting	122,020	54,104	67,916
Insurance	7,560	-	7,560
Management fees (note 7)	-	14,310	(14,310)
Office and general	9,666	1,989	7,677
Professional fees	47,443	21,710	25,733
Property investigation	-	22,000	(22,000)
Regulatory and transfer agent fees	5,616	6,012	(396)
Shareholder communications	5,693	-	5,693
Rent	-	9,000	(9,000)
	\$ 205,082	\$ 129,125	\$ (68,873)

The increase in costs from period-end 2018 to 2019 are primarily due to increases in consulting, professional fees, Internet expenses and office and general offset by decreased property investigation costs.

Consulting fees increased during the six month period-ended June 30, 2019 as a result of Pedro Resources' move of its corporate headquarters from Vancouver to Toronto, expansion of its operations to include more corporate communications/public relations activities along with the hiring of additional accounting and management consulting staff to support the company's increased operating activities.

The decrease in management fees expense corresponds with movement of the company's corporate offices from Vancouver to Toronto at the end of Q1 2018 and the subsequent use of consultants for financial and management advisory efforts which instead is reflected as an increase in consulting costs. Office and general expenses increased slightly, also reflecting Pedro Resources' increased operating activities in its move from Vancouver to Toronto.

The increase in professional fees resulted from efforts directed at repositioning the company for future project activities, seeking additional financing for expansion plans and future project activities as well as the evaluation of opportunities. These efforts resulted in the incurrence of additional accounting as well as legal expenses. Property investigation costs also increased as a result of seeking additional project opportunities for future development. There was no rent expense in this quarter.

PEDRO RESOURCES LTD.**Management's Discussion and Analysis****For the three and six month periods ended June 30, 2019 and June 30, 2018****RESULTS OF OPERATIONS (Cont'd)****Comparison of the three month periods ended June 30, 2019 and June 30, 2018**

	3 months		
	June 30, 2019	June 30, 2018	Variance
General and administrative expenses			
Bank charges	\$ 413	\$ -	\$ 413
Computer and internet expense	6,500	-	6,500
Consulting	52,293	24,188	28,105
Insurance	7,560	-	7,560
Office and general	9,316	1,869	7,447
Professional fees	34,178	16,609	17,569
Regulatory and transfer agent fees	3,882	3,938	(56)
Shareholder communications	3,943	-	3,943
Rent	-	4,500	(4,500)
	118,085	51,104	(60,068)

The increase in costs from period-end 2018 to 2019 are primarily due to increases in consulting and professional fees.

Consulting fees increased during the three month period ended June 30, 2019 as a result of Pedro Resources' move of its corporate headquarters from Vancouver to Toronto, expansion of its operations to include more corporate communications/public relations activities along with the hiring of additional accounting and management consulting staff to support the company's increased operating activities.

The increase in professional fees resulted from efforts directed at repositioning the company for future project activities, seeking additional financing for expansion plans and future project activities as well as the evaluation of opportunities. These efforts resulted in the incurrence of additional accounting as well as legal expenses. Property investigation costs also increased as a result of seeking additional project opportunities for future development. Rent decreased slightly due to the move from Vancouver to Toronto with the need for larger premises resulting from increased operating activities to accommodate additional staff.

FINANCING/USE OF PROCEEDS

During the six month period ended June 30, 2019, the Company financed operations in part through cash resources and working capital. It also received \$52,402 from a related party.

During the six month period ended June 30, 2018, the Company financed operations through the use of cash in the bank.

During the six month period ended June 30, 2019, the Company incurred a loss of \$205,082 compared to a loss of \$129,125 for the comparative period ended June 30, 2018. These losses reflect the Company's ongoing activities as it maintained its public listing, evaluated opportunities, sought funding along with efforts at repositioning the Company for future project activities. The increase in the losses for 2019 compared to 2018 is largely due to 2019's higher consulting fees, office and general expenses, professional fees and rent costs offset by decreases in management fees, property investigation costs as well as regulatory and transfer agent fees.

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FINANCIAL CONDITION, LIQUIDITY AND SOLVENCY AND CAPITAL RESOURCES**Financial Condition and Operations**

At June 30, 2019, the Company had working capital of \$681,901 (December 31, 2018 - \$886,983).

Capital Resources

To date, the Company's operations have been predominantly financed by the sale of its securities and the exercise of warrants, stock options and, more recently, non-interest-bearing loans from directors. The future exercise of stock options or the sale of securities by way of private placement is largely dependent on the market prices and the market liquidity of the Company's securities and there can be no guarantee that warrants and options will be exercised or that security sales may be realized.

Liquidity**Operating Activities**

The Company's operating activities used \$356,184 (June 30, 2018 – \$109,228) of cash during the period ended June 30, 2019.

CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES**Nature of Business and Continuance of Operations**

The Company is transitioning to mineral exploration and is currently reviewing mineral projects of merit which may be suitable for acquisition given its current level of operations.

The Company's financial statements have been prepared on the assumption that the Company is a going concern, meaning that it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations.

The Company is looking to secure additional funding in 2019 so that its capital resources will be sufficient to carry its operations through the next twelve months. However, there are several conditions that cast significant doubt on the Company's ability to continue as a going concern.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Management is actively engaged in the review and due diligence on new projects, is seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management's plan will be successful. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

PEDRO RESOURCES LTD.**Management's Discussion and Analysis****For the three and six month periods ended June 30, 2019 and June 30, 2018**

**CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES
(Cont'd)****Nature of Business and Continuance of Operations (Cont'd)****Significant Accounting Estimates and Judgments**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The most significant accounts that require the use of judgment and assumptions as a basis for determining the stated amounts include the depreciation of equipment, carrying values of assets, the determination of share-based payments and any amounts recognized with respect to deferred tax amounts.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and further periods.

Critical accounting estimates relate to, but are not limited to, the following:

- * The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments and warrants. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates and forfeiture rates. Changes in input assumptions can materially affect the fair value of estimate and the Company's earnings and equity reserves;
- * The recognition of deferred tax assets is determined on whether it is more probable than not that these assets will be recovered.

The Company's significant accounting policies are presented in the notes to the audited financial statements for the year ended December 31, 2018.

Changes in Accounting Standards**IFRS 16 – Leases**

Effective for annual periods commencing on or after January 1, 2019, this new standard eliminates the classification of leases as either operating or finance leases and introduces a single lessee accounting model which requires the lessee to recognize assets and liabilities for all leases with a term of longer than 12 months. The Company is currently assessing the impact of the adoption this standard to the Company's financial statements.

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OUTSTANDING SHARE DATA

Authorized: Unlimited common shares without par value

Issued and Outstanding: 19,936,630 common shares

The Company issued 150,000 common shares due to the exercise of options at \$0.20 per common share on March 5, 2018.

During October of 2018, 8,092,734 warrants were exercised at \$0.125 each for aggregate proceeds of \$1,011,683.

As of August 29, 2019, the Company has 19,936,630 common shares, 1,010,000 options and 1,858,000 warrants outstanding.

There have been no share issuances in the six-month period ended June 30, 2019.

TRENDS, RISKS AND UNCERTAINTIES

The Company is currently in the process of identifying and evaluating opportunities in the natural resource sector and until such a time as it completes an acquisition there can be no guarantee that such a transaction will be completed. The following risk factors should be given special consideration:

Going Concern

The Company's financial statements have been prepared on the assumption that the Company is a going concern, meaning that it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. The Company has incurred a deficit of \$8,953,943 at June 30, 2019 (December 31, 2018 - \$8,748,861) and has no current source of revenue. The Company's continuation as a going concern is dependent on its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. There can be no assurances that management's future plans for the Company will be successful. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The Company's financial statements do not include any adjustments to the recoverability and classification of assets and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

Substantial Capital Requirements; Liquidity

The Company anticipates that it will be required to make substantial capital expenditures for the future acquisition of mineral properties of merit and for the subsequent exploration and development of, and any production from, any of such mineral properties. The Company currently has no revenue and limited ability to expend the capital necessary to acquire any mineral properties of merit and to undertake or complete future programs of exploration on any such properties. There can be no assurance that debt or equity financing, or cash generated will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations would have a material adverse effect on the Company's financial condition, results of operations or prospects.

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TRENDS, RISKS AND UNCERTAINTIES (Cont'd)***Issuance of Debt***

From time to time the Company may enter into transactions which may be financed partially or wholly with debt, and the completion of any such transactions may increase the Company's debt levels above industry standards. The Company's articles do not limit the amount of indebtedness that the Company may incur. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise. The Company's ability to service its debt obligations will depend on the Company's future operations, which are subject to prevailing industry conditions and other factors, many of which are beyond the control of the Company.

Dilution

It is likely that the Company will issue common shares or securities exercisable or convertible into common shares in the future, either to raise funding for its ongoing operations or in connection with one or more acquisitions. The Company may issue securities on less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares, could adversely affect the trading prices of the Company's common shares, and could impair the Company's ability to raise capital through future offerings of securities.

Insurance

The Company's future operations, particularly with respect to the exploration, development and operation of mineral projects, may result in the Company becoming subject to liability for pollution, property damage, personal injury or other hazards. Insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances, be insurable or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any such uninsured liabilities would reduce the funds available to the Company for its operations. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Company's financial position, results of operations or prospects.

Dividends

The Company has not paid dividends on its common shares to date and may not be in a position to pay dividends for the foreseeable future. The Company's ability to pay dividends will depend on its ability to successfully acquire and develop to production one or more mineral projects and to generate earnings from the operation thereof. Further, the Company's initial earnings, if any, will likely be retained to finance its operations. Any future dividends will depend upon the Company's earnings, its then-existing financial requirements and other factors, and will be at the discretion of the Company's board of directors.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's board of directors approves and monitors the risk management processes, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is as follows:

Fair Values

For certain of the Company's financial instruments, including receivables, accounts payable and accrued liabilities and loans payable, the carrying amounts approximate fair value due to their immediate or short-term maturity. Cash is measured at fair value using level 1 inputs.

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FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)**Currency Risk**

The Company currently does not have any significant exposure to foreign currency risk.

Credit Risk

Credit risk arises from cash held with banks and financial institutions, and credit exposure to clients, including outstanding receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. To reduce credit risk, cash is held at major financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Currently, the Company's main source of funding is from the issuance of equity securities for cash, primarily through private placements, and from unsecured non-interest-bearing loans from directors. At June 30, 2019, the Company had cash of \$550,978 (December 31, 2018 – \$854,760) to meet obligations of \$27,268 (December 31, 2018 – \$152,467). Management believes that the Company's sources of liquidity, combined with the continued financial support of the Company's directors and lenders, will be sufficient to meet the Company's requirements and to finance its operations in the near term.

CAPITAL DISCLOSURES/MANAGEMENT OF CAPITAL

The capital structure of the Company consists of shareholders' deficiency. The Company's objectives when managing capital are to ensure sufficient liquidity for operations and adequate funding for growth and capital expenditures while maintaining an efficient balance between debt and equity.

The Company makes adjustments to its capital structure upon approval from its Board of Directors, in light of economic conditions and the Company's working capital requirements. There were no changes in the Company's approach to capital management during the period. The Company does not presently utilize any quantitative measures to monitor its capital. There are no external restrictions on capital.

KEY MANAGEMENT PERSONNEL

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors as well as corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer and/or their companies.

Key management personnel compensation included above is as follows:

		June 30, 2019		June 30, 2018
Compensation	\$	47,600	\$	31,917
Share-based compensation		-		-
	\$	47,600	\$	31,917

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ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company has not filed an Annual Information Form "AIF". Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's Statement of Loss and Comprehensive Loss contained in its Financial Statements for the years ended December 31, 2018 and December 31, 2017 that are available either on the Company's website at www.pedroresources.ca or on its SEDAR Page Site.

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

In accordance with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"), the CEO and CFO file a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements and accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification includes a "Note to Reader" stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as defined in NI 52-109.

As part of our corporate governance practices, ICFR and DC&P have been designed. There has been no formal evaluation of the operation of these controls. The Company has designed its ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance IFRS.

Management works to mitigate the risk of a material misstatement in financial reporting; however, a control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

The Company's DC&P have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure.

It should be noted that while the Company's CEO and CFO believe that the Company's DC&P provide a reasonable level of assurance that they are effective, they do not expect that the DC&P or ICFR will prevent all errors or fraud. There have been no material changes to the internal controls of the Company for period ended June 30, 2019.