Cobalt Blockchain Inc.

(Formerly Peat Resources Limited)

MANAGEMENT DISCUSSION AND ANALYSIS
For period ended February 28, 2018

Cobalt Blockchain Inc.

MANAGEMENT DISCUSSION AND ANALYSIS – FEBRUARY 28, 2018

This MD&A is prepared as of April 27, 2018 and should be read in conjunction with the audited annual financial statements of Cobalt Blockchain Inc. (the "Company") for the year ended May 31, 2017, and the unaudited interim condensed financial statements of the Company for the nine month periods ended February 28, 2018 and February 28, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address future exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward- looking statements. Additional information can be found on SEDAR, www.sedar.com or on the Company's website www.cobc.co *.All amounts are in Canadian dollars.*

EXECUTIVE SUMMARY

Cobalt Blockchain Inc. (TSX-V: COBC), (formerly Peat Resources Limited) was initially formed for the purpose of the exploration and development of peat resources as well as the development, production and marketing of economically competitive, environmentally favourable, and consistent quality peat fuel.

With subsequent changes in the energy environment, the Company put its peat projects on hold and initiated an investigation of its options and potential opportunities, and engaged a consultant with a mandate to evaluate specific technology-based alternatives to the Company's focus on energy and biofuels.

During the year ended May 31, 2017, the Company extended the target scope and accelerated the strategic examination with the intent to deliver recommendations to shareholders. However during that period, while the Company accomplished due diligence on many alternatives, no practicable options were found which would warrant a pivot into the technology arena.

Whilst the investigation into the technology field was ongoing, the Company was introduced to a number of opportunities in mineral resource exploration and development. As a resource-based Company, the Board of Directors with the assistance of the Company's financial advisors undertook to evaluate these opportunities and on September 29, 2017, the Company entered into a binding letter of intent to participate in mineral exploration in Dargavel Township, Ontario, with Noble Mineral Exploration Inc.

Under the terms of the agreement, the Company can earn an initial 51% interest in a project area by making a cash payment of $100,000, issuing 7,500,000 common shares, issuing 7,500,000 warrants exercisable at a price as may be permitted by the TSX-V and having a five-year term, and incurring a minimum of $1,000,000 of qualifying expenditures in a twelve month period. The Company can earn an additional 24% interest in the property in a second year with the same share and warrant issuance, and work commitment. The agreement had a 120-day expiry period that was extended for an additional 90 days on January 25, 2018.

On December 11, 2017, the Company entered into an agreement to purchase Belair African Metals, SARL ("Belair"), a private company in the Democratic Republic of Congo ("DRC"), licensed for the commodity trading of certified conflict free tin, tantalum and tungsten. With an extended management team with ten years of experience in exploration, mining and metal trading in the DRC, the Company plans to expand on Belair's conflict free mining and metals platform to include cobalt and copper. An active investigation into the acquisition of cobalt and copper exploration properties has commenced. In addition, resources will be dedicated to the enhancement, through new technologies, of the existing third-party traceability programs to better ensure metals are sourced and traded conflict-free.

At the Annual and Special Meeting held on March 13, 2018, shareholders approved the proposed acquisition of Belair subject to regulatory approval, as well as the change of the company name to "Cobalt Blockchain Inc." which better reflects the minerals focus of the Company and its proposed use of enhanced technology. Following receipt of regulatory approval on April 11, 2018, the Company concluded the acquisition of Belair through the issuance of 15,000,000 common shares of the Company.

CORPORATE DEVELOPMENTS

On December 12, 2017, the Company appointed Peter Hooper and Lance Hooper to the board of directors. Both have international experience with mineral exploration and mining companies. The Company also entered into an agreement with Hooper Mining Services to provide management services to enable the growth of the Company.

On April 13, 2018 the Board announced its new management team comprising:

Chief Executive Officer – Peter Hooper
President and Chief Operating Officer – Lance Hooper
Chief Financial Officer – Philip Gibbs
Vice-President Exploration – F. William Nielsen
Chairman of the Board & Corporate Secretary – H.J. Blake, QC

Relevant biographies, background and experience of the above team can be found on the Company website, www.cobc.co

CAPITAL STOCK AND FINANCING

On December 11, 2017, the Company engaged IBK Capital Corp. to complete private placement financing to provide working capital for the Company's projects.

- On January 10, 2018, the Company closed a brokered private placement for gross proceeds of $750,000. The placement consisted of 15,000,000 common shares at $0.05 per share. There was a cash commission of nine per cent of the amount raised from Canadian sources ($67,500 plus disbursements of $207,787). In addition, 1,500,000 broker warrants were issued, exercisable at $0.05 per warrant for a period of five years.

- On February 5, 2018, the Company closed a non-brokered private placement for gross proceeds of $262,500. The placement consisted of 5,000,000 common shares at $0.0525 per share.
  The Company issued 500,000 finders warrants exercisable at $0.0525 for a period of five years

- On February 12, 2018, the Company closed a brokered private placement for gross proceeds of $1,122,849. The placement consisted of 5,614,245 common shares at $0.20 per share. The Company issued 75,000 broker warrants at an exercise price of $0.20 for a period of five years.

- On February 28, 2018, there were 87,500 warrants exercised at a price of $0.05 per share.

- On March 1, 2018, the Company settled an aggregated indebtedness of $1,005,358 through the issuance of 20,107,160 common shares to various parties.

- On April 11, 2018, the Company issued 15,000,000 shares to acquire Belair.

- On April 12, 2018, the Company granted 11,509,386 restricted share units under the Company's Restricted Share Unit Plan ("RSU Plan") to officers, directors, employees and consultants.

OPERATIONS

Operational activity has focused on two areas: the sourcing of an upstream mineral supply, and the development of a mineral tracking program to support the ethical provenance of that supply.

<u>Mineral Supply</u>

On March 22, the Company announced that it had entered into two definitive joint venture agreements for cobalt/copper concessions in the DRC totalling over 48 square kilometers. The Company also announced that it had submitted an application to the DRC Ministry of Mines for a cobalt/copper trading and export license, extending its current licenses for tin, tantalum, and tungsten. These licenses allow the Company to establish regional buying depots, process minerals in-country and export these metal concentrates internationally.

Details of the announced joint venture agreements are as follows:

- a 70% interest in Alpha Cobalt SAS, a joint venture between the Company and a private local partner in the DRC. The two contiguous concessions controlled by Alpha Cobalt SAS contain 48 carrés, totalling 40.8 square kilometers. The properties are located about 50 kilometers to the east of Kolwezi and 10 kilometers from an operating mine at the Tenke Fungurume project, one of the world's largest cobalt / copper deposits.

- an 80% interest in Cobalt Blockchain SAS, a joint venture between the Company and a private local partner in the DRC. The two contiguous concessions controlled by Cobalt Blockchain SAS contain 9 carrés, totalling 7.6 square kilometers. The properties are located about 50 kilometers from Lubumbashi in an area with active artisanal and small-scale cobalt / copper mining.

On April 6, the Company announced that it had successfully negotiated a supply agreement with one of the largest local mining cooperatives in the Lualaba province of the DRC. Commencing in June 2018, COBC will be supplied with a minimum of 40,000 tonnes of cobalt concentrate per annum, with a minimum grade of 1% cobalt (average 3-4%). The Company considers this agreement to be a significant milestone in its strategy to generate near-term cash flow. Supply agreements with established mining cooperatives will complement plans for larger-scale, mechanised production activities on mineral concessions including the 48.4 square kilometers of copper/cobalt concessions in the joint ventures discussed above.

The Company remains actively engaged in negotiations on several other cobalt/copper properties and aims to announce further acquisitions or joint ventures when definitive agreements are concluded. Considerations for the joint venture agreements announced above are not deemed by the Company to be material.

Mineral Tracking

On March 1, the Company engaged BetterChain S.L. of Barcelona, Spain, to help in establishing an integrated due diligence program for the cobalt supply chain, from the mining assets to be developed by the Company to cobalt end-users. Principals of Better Chain have been instrumental in putting in place incumbent programs for ethically-sourced minerals.

The initial phase of the project includes the identification of local (upstream) data requirements to not only demonstrate compliance with international standards for responsible procurement of minerals, but also to generate value for international (downstream) supply chain participants and investors. To date, BetterChain has helped the Company in active discussions with participants at all levels in the cobalt supply chain to form a broad-based coalition to help define these requirements.

On April 3, the Company signed a Letter of Intent (LOI) with DLT Labs Inc., a global leader in blockchain platforms, properly known as Distributed Ledger Technology. This technology enables an immutable record of the transactions within the supply system, allowing permissioned parties real-time access to secure and trusted data.

The LOI established a framework for a joint venture to provide secure, traceable and transparent methods for tracking and certifying the provenance of metals and minerals, from source to end-user. Leveraging DLT's supply chain and logistics product DL Asset Track, the joint venture expects to work towards developing and deploying a new enterprise-grade platform which will based on international standards and the work being undertaken by BetterChain.

GENERAL AND ADMINISTRATIVE EXPENSES

	Three Months Ended		Nine Months Ended	
	February 28, 2018	February 28, 2017	February 28, 2018	February 28, 2017
Expenses				
Corporate and administrative expenses	$ 55,047	$ 15,260	$ 86,732	$ 45,897
Share-based compensation (note 5 and 6)	74,400	-	74,400	-
Accretion and interest on debentures payable (note 8)	-	32,789	39,154	78,321
Exploration and evaluation (note 4)	127,682	3,899	128,798	10,370
Professional fees	396,967	-	397,767	-
Management fees	197,250	-	197,250	-
Marketing and promotion	79,321	-	79,321	-
Shareholder communications	35,401	6,027	40,202	11,838
Premises rent	-	2,250	750	6,750
Insurance	7,013	5,880	18,309	17,666
Travel	100,747	-	100,747	-
Total Comprehensive Loss for the period	$ (1,073,828)	$ (66,105)	$ (1,163,430)	(170,842)

Note references refer to notes contained in the interim financial statements

During the three months ended February 28, 2018 expenditures increased significantly in all areas as the Company engaged in activities to finance and facilitate the new operations envisaged through the Belair acquisition. Professional fees include $250,000 for financial advisory services, and legal and secretarial services of $142,000. Exploration and evaluation expenditures relate to evaluation of Belair and potential resource properties. Corporate expenses include Annual General Meeting and TSX-Venture related costs, as well as accounting services, and travel and marketing reflect investor presentations in Europe and at the Mining Indaba in South Africa.

EXPLORATION AND EVALUATION COSTS

The Company's policy is to expense exploration and evaluation expenditures as set out in the Notes to the Annual Financial Statements. Expenditures relate mainly to evaluation of DRC-based projects emanating from the Belair acquisition.

EQUIPMENT

The Company has equipment and property that formed a small-scale production facility. In the year ended May 31, 2016, the value of the equipment and plant was written down to $nil based on the fair value less cost of disposal.

SUMMARY OF QUARTERLY RESULTS

Financial year	2018			2017				2016
$'000	Feb 2018	Nov 2017	Aug 2017	May 2017	Feb 2017	Nov 2016	Aug 2016	May 2016
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss $'000	1,074	46	44	46	66	54	50	223
Loss per common share	0.01	0.001	0.001	0.001	0.001	0.001	0.001	0.002
Total assets $'000	1,180	12	41	50	33	37	66	89

FUTURE ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on January 1, 2017 or later periods. Updates that are not applicable or are not consequential to the Company have been excluded from the listing in Note 3 of the audit financial statement for the year-ended May 31, 2017. The Company anticipates that the adoption of these standards and interpretations in future periods will have no material impact on the consolidated financial statements of the Company except for the additional disclosures.

Standards and interpretations issued but not yet effective:

IFRS 9 *Financial Instruments* was issued in final form in July 2014 by the IASB and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

IFRS 16 *Leases* sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right of-use assets and lease liabilities for leases with terms of more than 12-months, unless the underlying asset is of low value. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers.*

LIQUIDITY

The Company's operations to date been funded primarily through the issuance of common shares and through debenture loans. The Company anticipates that it will continue to be able to utilize equity financing until it develops cash flow from operations, but there is no certainty that the Company may be successful in this regard. Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in its liquidity either materially increasing or decreasing in the foreseeable future. Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of its projects as well as its continued ability to raise capital. During the nine-month period ended February 28, 2017 the Company raised $2,135,000 through equity financing. In addition, a director provided a $20,000 advance and an HST refund of $28,291 was received.

Cash as at February 28, 2017 was $1,085,214 (May 31, 2017 - $23,371). The Company has no long-term liabilities. Accounts payable and accrued liabilities at February 28, 2018 were $572,683 (May 31, 2017 - $440,071). Debentures payable were $879,201 compared to $840,047 at May 31, 2017 and the promissory note was $25,000 (May 31, 2017 - $25,000).

In March 2018, the Company settled indebtedness relating to the Debentures, the promissory note and other liabilities for a total value of $1,005,358. Currently the Company's material source of funds is through private placement of common shares.

At present, the Company's operations are not generating cash flow and the ability to raise the capital resources to undertake its objectives is dependent upon the venture capital market. Actual funding requirements may vary from those planned due to a number of factors, including the progress of development activities. Management believes it will be able to raise equity capital as required but recognizes there will be risks involved that may be beyond their control. If the Company is unable to rise sufficient funding, it will adjust its resource exploration and acquisition activities accordingly.

CAPITAL RESOURCES

The Company has relied on the issuance of common shares, advances from related parties and debentures to fund working capital. The Company is actively seeking capital to fund corporate administrative activities, property options and new acquisitions.

As at February 28, 2018 the Company's share capital was $13,484,381 (May 31, 2017: $11,737,407) representing 124,798,981 common shares issued and outstanding, without par value.

In the nine-month period ended February 28, 2018, the Company issued 25,614,245 common shares pursuant to private placements for gross proceeds of $2,135,349. The Company issued 2,075,000 broker warrants pursuant to these private placements, and paid broker commission of $81,000.

On March 1, 2018 the Company issued 20,107,160 common shares in settlement of debt of $1,005,358, and on April 11, 2018 the Company issued 15,000,000 common shares to acquire Belair.

On April 12, 2018 the Company granted 11,500,000 Restricted Stock Units to directors, officers, management and consultants pursuant to the RSU Plan approved by shareholders on March 13, 2018 and filed on SEDAR, and 7,990,614 stock options pursuant to the Stock Option Plan to two directors in accordance with the Hooper Mining Services Inc. management services agreement signed on December 11, 2017.

OUTSTANDING SHARE DATA

As at April 27, 2018:

Common shares issued and outstanding:	159,906,141
Restricted Stock Units	11,509,836
Warrants	4,957,500
Options	15,990,614
Fully diluted	192,364,091

DEBENTURE PAYABLE

The debenture issued by the Company on May 8, 2014, is a secured obligation which earns interest at a rate of 12% per annum on a total of $250,000. The debenture is secure by all plant and equipment held by the Company. They rank senior to all the Company's indebtedness. The effective interest rate on the debenture is 26.2%. The debenture term is one year, due on April 25, 2015. As such, the entire debenture balance is classified as a current liability. The associated issue costs of $28,077 include $22,500 in cash and $5,577 being the value assigned to 500,000 broker warrants now expired. The fair value of the services associated with the broker warrants could not be reasonably estimated, therefore the broker warrants have been recorded at the value determined by using the Black-Scholes option pricing model and charged to capital stock. The total balance of debenture issue costs were netted off the face value of the debenture. An accretion amount of $5,462 was recorded.

On June 25, 2014, the Company closed an unsecured debenture loan of $110,000. The loan is payable in one year or earlier with a 12% annual interest rate. An agent's fee of $9,900 in cash was paid and 220,000 broker warrants were issued. The effective interest rate on the debenture is 26.3%. Each broker warrant allowed the holder to acquire one common share at a price of $0.05 for up to 24 months period that ended on June 25, 2016. The warrants were valued at $2,574.

On July 31, 2014 the Company closed the first tranche of $60,000 of an unsecured debenture loan, and on September 4, 2014, the Company closed the second tranche of $90,000, for a total of $150,000. The loan is payable in one year with a 12% annual interest rate. An agent's fee of 9% in cash was paid and 300,000 broker warrants were issued. The effective interest rate on the debenture is 26.2%. Each broker warrant allowed the holder to acquire one common share at a price of $0.05 for up to 24 months from the closing dates. The warrants were valued at $3,364 and were charged to capital stock. There were 120,000 broker warrants that expired on July 31, 2016 and 180,000 that expired on September 4, 2016.

On February 5, 2015, the Company closed an unsecured debenture loan of $50,000. The loan is payable in one year or earlier with a 12% annual interest rate. An agent's fee of $4,500 in cash was paid and 100,000 broker warrants were issued. The effective interest rate on the debenture is 25.1%. Each broker warrant allows the holder to acquire one common share at a price of $0.05 for up to 48 months from the closing date. The warrants have been valued at $735 and added to capital stock.

On July 15, 2015, the Company closed an unsecured debenture loan of $110,000. The loan is payable in one year or earlier with a 12% annual interest rate. An agent's fee of $9,900 in cash was paid and 220,000 broker warrants were issued. The effective interest rate on the debenture is 26.3%. Each broker warrant allows the holder to acquire one common share at a price of $0.05 for up to five years from the closing date. The warrants have been valued at $1,909 and added to capital stock. An amount of $50,400 in interest was paid on the above debentures on July 15, 2015.

Following receipt of regulatory approval, all debenture and related interest amounts were settled in full on March 1, 2018 through the issuance of common shares

CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

On December 21, 2015, the Company engaged IBK Capital Corp. to act as financial advisor to the Company for a two-year term. In the event that the advisory services result in a capital stock financing apart from a private placement of shares or alternative form of financing or capital transaction, a fee of three percent of the value of the transaction or a minimum of $500,000 will be payable. IBK is entitled to receive compensation related to an initiated transaction during the term of the agreement and up to 24 months after expiration of termination.

On September 29, 2017, the Company entered into a binding Letter of Intent ("LOI") to engage in an option to participate in mineral exploration in Dargavel Township, Ontario, with Noble Mineral Exploration Inc. ("Noble"). Under the terms of the LOI, the Company can earn an initial 51% interest in a project area of the Dargavel property by making a cash payment of $100,000, issuing 7,500,000 common shares, issuing 7,500,000 warrants exercisable at $0.10 per share or such lower exercise price as may be permitted by the TSX-V and having a term expiring five years after issuance, and incurring a minimum of $1,000,000 of qualifying expenditures in the twelve months following the execution of the LOI. The Company can earn an additional 24% interest in the project area of the Dargavel property by issuing an additional 7,500,000 common shares, issuing 7,500,000 warrants exercisable at the greater of $0.15 per share or such lower exercise price as may be permitted by the TSX-V and having a term expiring five years after issuance, and incurring a further $1,000,000 of qualifying expenditures on or before the second anniversary of the execution of the option agreement. The Company has not made any payments or issued any shares related to the LOI thus far. To facilitate delivery by Noble of geological reports, the LOI was extended for an additional 90 days on January 25, 2018, and subsequently for a further 30 days, and now expires on May 27, 2018. Once received, the Company will evaluate the geological information and, if deemed satisfactory, will negotiate a definitive agreement.

On December 11, 2017 the Company signed a binding Letter of Intent to purchase all of the issued and outstanding shares of Belair African Metals SARL from Belair Maniema Corp. in consideration of the issuance of 15,000,000 common shares of the Company. A definitive agreement was signed by the parties on January 18, 2018 and closed upon receipt of regulatory approvals on April 11, 2018.

On December 12, 2017, the Company entered into an agreement with Hooper Mining Services to provide management services for a fee of USD$40,000 per month to manage and facilitate the growth of the Company.

On January 12, 2018 the Company entered into an agreement with IBK Capital Corp to provide advisory services at a fee of $25,000 per month for a period of three months.

Exploration activities conducted by the Company are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

RELATED PARTY TRANSACTIONS

Management, technical and administrative support is received from directors and officers, key management, of the Company and paid for at rates representative of fair market value. Compensation paid to key management includes share-based compensation.

The following table reflects transactions with related parties during the nine month period ended February 28, 20187 and 2017:

		2018		2017
Management fees payable to Hooper Mining Services, a company controlled by a director and officer	$	132,500	$	-
Management and accounting fees payable to a director and officer		17,500		45,000
Accounting fees payable to a company controlled by an officer		16,000		-
Legal and secretarial fees payable to a company of which a director is a principal		145,931		-
Geological consulting fees payable to a company controlled by an officer		29,000		-
Fees payable to officers of Belair African Metals		38,500		-
	$	379,431	$	45,000

During the nine months ended February 28, 2018, the Company granted 2,000,000 options (2017: Nil) to officers and directors. Included in share-based compensation is $74,400 (2017: Nil) related to these grants.

As at February 28, 2018 accounts payable included $140,428 (May 31, 2017: $96,257) due to a related party mentioned above.

Management believes these transactions are in the normal course of business.

RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business, which has been the acquisition, financing, exploration and development of resource properties, and will potentially include involvement within the high technology sector. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward–looking information relating to the Company. Please also see Note 4 – Capital Risk Management and Note 5 – Financial Risk Management of the audited Financial Statements for the year ended May 31, 2017.

Nature of Resource Exploration

Resource exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when resources are discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of resources or reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of peat deposits will result in discoveries or development of commercial quantities of fuel.

Environmental Risks and Hazards

All phases of the Company's operations are subject to applicable environmental regulations. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability.

Permits, Laws and Regulations

Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of resource properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in resource operations may be required to compensate those suffering loss or damage by reason of the activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Additional Funding Requirements

As discussed, any properties of the Company are in the exploration and development stage. The Company has no source of operating cash flow, and will need to raise additional funds to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The development of the exploration property of the Company would depend on the ability of the Company to obtain financing through debt financing, equity financing or other means. If the exploration and development programs of the Company are successful, additional funds will be required to develop the project. The only source of future funds presently available to the Company is the sale of equity capital or the sale of an interest in any of its property in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions, as well as on the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing if needed on satisfactory terms. If additional financing is raised by the issuance of shares from the treasury of the Corporation, control of the Company may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce its scope, eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interests in some or all of its property and to reduce or terminate its operations.

Prices for Commodities

The profitability of the Company's operations will be dependent upon the market price of commodities. Energy prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations

Title to Property

The acquisition of title to resource properties is a very detailed and time-consuming process. The Company may acquire an interest in its properties through land use permits. Title to, and the area of, the properties may be disputed. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the property in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the property.

Dependence on Outside Parties

The Company has relied upon consultants, engineers and others and intends to rely on these parties for development and operating expertise. Substantial expenditures are required to develop the exploration infrastructure at the site, to establish peat reserves through sampling, and to carry out environmental and social impact assessments. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Conflicts of Interest

A number of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation. Further, certain of the directors and officers are involved in other enterprises involved in resource exploration. As a result, conflicts of interest may arise and officers and directors cannot devote 100% of their time to the Company.

Internal Controls

The Company has invested resources to document and analyze its system of internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at February 28, 2018, or as of the date of this report.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires that management make estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from those estimates.

The most significant estimates and judgements used in the preparation of these financial statements relate to the recoverability of plant and equipment, warrant and stock option valuations and income taxes.

a) *Recoverability of plan and equipment:*
   The Company assess the carrying value of plant and equipment each reporting period to determine whether any indication of impairment exists. Determining if impairment indicators exist is a key management judgement. The calculation of recoverable amount requires the use of estimates and assumptions.

b) *Valuation of warrants and stock options:*
   The calculation of the fair value of warrants and stock options issued requires the used of estimates of inputs in the applicable valuation models.

c) *Deferred income taxes:*
   The interpretation of existing tax laws or regulations in Canada where the Company's operations are located requires the use of judgement. Differing interpretation of these laws or regulations could result in an increase in the Company's taxes, or other government changes, duties or impositions. In addition, the recoverability of deferred income tax assets, including expected periods of reversal of temporary differences and expectations of future taxable income, are assessed by management at the end of each reporting period.

MANAGEMENT'S EVALUATION OF DISCLOSURE CONTROLS

Management is responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Company's disclosure controls and procedures as at February 28, 2018 and have concluded that these controls and procedures are effective.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with IFRS. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed as at February 28, 2018.