# CR CAPITAL CORP.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

# FOR THE YEAR ENDED DECEMBER 31, 2019

## Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of CR Capital Corp. (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2019. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the years ended December 31, 2019 and 2018, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as of April 3, 2020, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Additional information about the Company is available free of charge on the System for Electronic Document Analysis and Retrieval (SEDAR) website at ***www.sedar.com.***

## Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

| Forward-looking information | Assumptions | Risk factors |
|---|---|---|
| The Company will be able to continue its business activities. | The Company has anticipated all material costs and the operating activities of the Company, and such costs and activities will be consistent with the Company's current expectations; the Company will be able to obtain shareholder loans or equity funding when required. | Unforeseen costs to the Company will arise; any particular operating cost increase or decrease from the date of the estimation; tax reassessments; and capital markets not being favourable for funding and/or related parties discontinue funding the Company resulting in the Company not being able to obtain financing when required or on acceptable terms. |
| The Company will be able to carry out anticipated business plans. | The operating activities of the Company for the twelve months ending December 31, 2020, will be consistent with the Company's current expectations. | Sufficient funds not being available; increases in costs; the Company may be unable to retain key personnel. |
| The Company's ability to carry out anticipated exploration on its property interests. | The exploration activities of the Company for the twelve months ended December 31, 2020, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company. | Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions; receipt of applicable permits. |
| The Company has been investigating several reverse takeover opportunities ("RTO") with the intention of completing a transaction in early 2020. | The Company will be able to find a suitable target company with a valuation that is accretive to Company shareholders. | Changes in equity markets could make for difficulties in finding a suitable candidate. |

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## Description of Business

The Company was incorporated on December 13, 2002, and is a reporting issuer in British Columbia, Alberta and Ontario. The Company's fiscal year end is December 31. The Company is engaged in the acquisition, exploration and evaluation of properties for the mining of precious and base metals.

In accordance with Policy 2.5 of the TSX Venture Exchange ("TSXV"), the Company had not maintained the requirements for a TSXV Tier 2 company. Therefore, on February 3, 2015, the Company's listing was transferred to the NEX trading board of the TSXV, and the trading symbol for the Company changed from "WOO" to "CIT.H". On March 5, 2018, the Company announced that it obtained final acceptance of the TSXV in respect of its application for reactivation and graduation to the TSXV as a Tier 2 mining issuer. Effective March 5, 2018 trading in the Company's common shares took place on the TSXV under the trading symbol "CIT". The Company's application for reactivation and graduation was based on the acquisition of the Coppercorp Property.

## Operational Highlights

**Corporate**

On January 11, 2019, the Company announced that Mr. Eric Szustak was appointed to the Board of Director and that Mr. Alain Krushnisky tendered his resignation as a member of the Board.

On January 22, 2019, Jo-Anne Archibald tendered her resignation as the Corporate Secretary.

On March 15, 2019, Mr. Eric Szustak was appointed Corporate Secretary of the Company.

On April 12, 2019, the Company announced that it granted 400,000 stock options to certain directors and officers of the Company. All options are exercisable at a price of $0.05 per common share. The option vest immediately and expire in five years.

On October 9, 2019, the Company completed a flow-through private placement for gross proceeds of $47,500 (the "Offering"). The Offering consisted of the sale of 950,000 flow-through units (the "FT Units") at a price of $0.05 per FT Unit. Each FT Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.075, which expire 2 years following the closing date of the Offering. In connection with the Offering, Brian Howlett, the Chief Executive Officer ("CEO") of the Company, acquired 200,000 FT Units and Eric Szustak, a director of the Company, acquired 150,000 FT Units.

During the year ended December 31, 2019, 50,000 stock options with an exercise price of $0.50 and 112,500 stock options with an exercise price of $0.15 were cancelled.

During the year ended December 31, 2019, 255,000 stock options with an exercise price of $0.50 expired unexercised.

On January 13, 2020, the Company announced that its Exploration Plan applications, which had been elevated by the Ontario Ministry of Energy, Northern Development and Mines to Exploration Permit application status, have now been granted such that the Company can proceed with its planned surface exploration program of trenching and ground and borehole geophysical surveys on the Coppercorp

Property. An agreement to conduct basic surface exploration had been signed and activated with the Batchewana First Nation in the spring of 2018.

At December 31, 2019, the Company had a working capital of $2,400, compared to working capital of $57,835 at December 31, 2018. The Company had cash of $31,389 at December 31, 2019, compared to $7,523 at December 31, 2018. The decrease in working capital was attributable to the Company's operating expenses. The increase in cash was attributable to proceeds from the Offering and proceeds from the sale of shares of Yorbeau Resources Inc. ("Yorbeau"), which was offset by the cost of operating activities.

## Coppercorp Property

On March 16, 2018, the Company announced that a 43-101 Technical Report was filed under the Company's SEDAR profile at **www.sedar.com** on the 100% owned claims acquired from Superior Copper Corporation on March 5, 2018, and is situated in Ryan, Kincaid, Palmer, and Nicolet townships in the Province of Ontario.

The claim holdings, named the Coppercorp Property, consist of 875 unpatented mining cell claims totaling approximately 17,856 hectares, and is situated on the eastern edge of the Midcontinental Rift (the "Rift") with most of the Rift lying beneath Lake Superior. Numerous past-producing and present deposits have been discovered and mined around Lake Superior associated with the Rift, including the prolific native copper deposits of the Keweenawan Peninsula, Michigan from which over six million tonnes of copper were recovered between 1845 - 1972. The Property straddles the NNW trending unconformity between the Proterozoic Keweenawan Group rocks to the west and the Batchawana Greenstone Belt of the Archean Superior Province to the east. Multiple Keweenawan felsic intrusions and breccia bodies hosting copper, silver and gold mineralization intrude the Archean Metavolcanic rocks throughout the Coppercorp Property and in the vicinity of the unconformity.

Research of previous exploration on the Coppercorp Property, supported by recent evaluation of samples obtained from outcrops on the Coppercorp Property, have found significant cobalt values associated with the copper and precious metal mineralization.

During the 2018 field season, 80 litho-geochemical samples obtained from outcrop, were gathered from the vicinity of known metal showings throughout the property. Completed ground-truth prospecting and sampling focused on three main areas on the property. The first was from the area of the Glenrock and STP Au (+-Cu-Co-Ag) occurrences hosted in Archean metavolcanic rocks spatially associated with Proterozoic felsic dykes and breccia bodies located in the southeastern part of the property. The second was from a three km north-northwest trend along strike with the past-producer Coppercorp Cu (+-Ag-Au) Mine, hosted in Proterozoic mafic volcanic rocks, towards the historic Mamainse Mine situated on the Lake Superior shore. The third was from the Kincaid Cu Breccia area where the recent building of logging roads resulted in the revealing of a newly exposed copper mineralized occurrence.

Highlights of the program were the identification of exciting new gold occurrences west and north of the Glenrock main grid in grab samples which reported values of up to 13.4 g/t Au in an area which remains largely not drill-tested. The results also confirmed that the main grid of the Glenrock Showing remains open along strike to the west based upon grab samples reporting up to 10.6 g/t Au and supported by historic drilling results. The average grade of the 16 grab samples obtained in the Glenrock showing area is 3.24 g/t Au. These results combined with review of historical ground IP survey data has generated exciting new exploration drill targets for testing.

The results confirmed the presence of high-grade Cu-Ag-Au from the surface grab sampling of chalcocite mineral occurrences reporting up to 15.5% Cu, 51.7 g/t Ag, and 0.3 g/t Au along the north-northwest trend from Coppercorp Mine, which remains essentially unexplored since the 1960s when the mine was in operation.

In addition, six composite grab samples obtained from along 40 metres of surface exposures at a new Cu occurrence discovered along the side of a newly build logging road 700 metres north northwest along strike from the Kincaid Breccia reported average 0.47% Cu with assays of up to 1.07% Cu.

Based upon the 2018 work, this will be followed up in 2019 by line cutting and ground induced polarization surveys and borehole geophysical surveys of selected drill holes completed in 2013 to 2015. In addition, a program is planned for reprocessing and re-modelling of historic geophysical survey results and for the detailed three-dimensional exploration modeling of Coppercorp area mineralized zones, mine historical workings, and previous diamond drilling using geodetic survey coordinates, mine plans and sections, and drill hole data. The results of these programs will be used to define follow up diamond drill targets at the three priority areas.

An exploration plan has been submitted to the Ministry of Energy, Northern Development and Mines, Ontario ("MNDM"). Contacts have been made with the Batchewana First Nation community entering into a consultation process for permission for the Company to conduct exploration work on their traditional aboriginal territory. The Company has been contacted by two additional first nations seeking engagement for the future exploration to be conducted by the Company. Management continues to seek to move this project forward, but as of April 3, 2020, the Company has not been able to accommodate the demands of the additional native communities and the plan has been elevated to a permit status and issuance has been delayed by MNDM.

Despite the delays, the Company continues to move the project forward slowly by completing ground exploration and sampling and by reviewing historic exploration data. Management is very excited that the building of new logging roads during the summer of 2018 uncovered new rock exposures on the Coppercorp Property.

Based upon the "Independent Technical Report, Coppercorp Property, Sault Ste Marie, Ontario, Prepared by Trevor Boyd, PhD, P.Geo" dated December 5, 2017 and filed on [www.sedar.com](http://www.sedar.com) on March 5, 2018, the proposed exploration plan and budget outlined below is separated into two phases, phase one to be conducted when capital is sourced to be followed by phase two, if phase one is successful. The plan and budget from the report remains largely unchanged for 2020, except perhaps for the additional work planned for reprocessing and re-modelling of historic geophysical data.

| **Phase 1 Budget** (1) | **Cost** |
|---|---|
| 3D compilation and modelling of drill holes for Coppercorp and Jogran/Richards area. | $25,000 |
| Line cutting, surface mapping and sampling for Kincaid and Richards areas including reconnaissance prospecting. | 60,000 |
| Ground IP and magnetics surveys for Kincaid and Richards areas. | 150,000 |
| Technical consulting and management. | 25,000 |
| Review and re-sampling of historic drill core and trenches at the Glenrock prospect. | 16,000 |
| Multi-element and gold geochemical analyses of rocks | 4,000 |
| **Total Phase 1** | **$280,000** |

| Phase 2 Budget [1] | Cost |
|---|---|
| Borehole IP and Mise a La Masse surveys for selected regional deep holes. | $50,000 |
| Multi-element and gold geochemical analyses of rocks and core. | 80,000 |
| Diamond drilling of generating targets | 800,000 |
| **Total Phase 2** | **$930,000** |

| | |
|---|---|
| **Total** | **$1,210,000** |

[1] Management estimates that most these costs will not be incurred in fiscal 2020.

| Coppercorp Property | Total December 31, 2019 ($) | Total December 31, 2018 ($) |
|---|---|---|
| General and geology | 21,935 | 61,236 |
| Geochemistry | 3,230 | 4,012 |
| Professional fees | nil | 1,000 |
| **Total** | **25,165** | **66,248** |

## Off-Balance-Sheet Interests

The Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on its financial performance or financial condition, including, without limitation, such considerations as liquidity, capital expenditures and capital resources that would be considered material to investors.

## Proposed Transactions

There are no proposed transactions of a material nature being considered by the Company other than the one already disclosed. The Company continues to evaluate transactions that it may complete in the future.

## Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company's ability to continue to carry out its operating activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

The Company considers its capital to be equity, comprising share capital, shares to be issued, reserves and accumulated deficit, which at December 31, 2019, totaled $2,400 (December 31, 2018 - $57,835) which is a decrease of $55,435.

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2019. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body other than the flow-through contractual obligations.

## Selected Annual Financial Information

The following is selected financial data derived from the annual financial statements of the Company at December 31, 2019, 2018 and 2017 and for the years ended December 31, 2019, 2018 and 2017.

| Description | Year ended December 31, 2019 ($) | Year ended December 31, 2018 ($) | Year ended December 31, 2017 ($) |
|---|---|---|---|
| Total loss | (109,102) | (568,039) | (564,658) |
| Net loss per common share – basic | (0.01) | (0.06) | (0.07) |
| Net loss per common share – diluted | (0.01) | (0.06) | (0.07) |
| | | | |

| Description | As at December 31, 2019 ($) | As at December 31, 2018 ($) | As at December 31, 2017 ($) |
|---|---|---|---|
| Total assets | 66,615 | 117,128 | 608,582 |
| Total non-current financial liabilities | nil | nil | nil |
| Distribution or cash dividends | nil | nil | nil |
| | | | |

- The net loss for the year ended December 31, 2019, consisted primarily of (i) general and administrative of $122,234; (ii) exploration and evaluation expenditures of $25,165; and (iii) realized loss on marketable securities of $128,625. This was offset by (i) unrealized gain on marketable securities of $165,000; and (ii) premium recovery on flow-through shares of $1,922.

- The net loss for the year ended December 31, 2018, consisted primarily of (i) unrealized loss on marketable securities of $255,925; (ii) general and administrative of $239,977; (iii) exploration and evaluation expenditures of $66,248; and (iv) realized loss on marketable securities of $17,900. This was offset by an income tax recovery resulting from tax credits from Quebec of $12,011.

- The net loss for the year ended December 31, 2017, consisted primarily of (i) loss on marketable securities of $165,499; (ii) general and administrative of $198,716; (iii) exploration and evaluation expenditures of $199,017; and (v) income tax expense of $2,180. This was offset by interest income of $754.

- As the Company has no revenue, its ability to fund its operations is dependent upon its securing financing through the sale of equity, debt or assets. See "Risk Factors".

## Selected Quarterly Information

| Three Months Ended | Total Assets ($) | Total Revenue ($) | Profit or (Loss) | |
|---|---|---|---|---|
| | | | Total ($) (Unaudited) | Basic and Diluted Income (Loss) Per Share [9] ($) (Unaudited) |
| December 31, 2019 | 66,615 [10] | - | (33,373) [1] | (0.00) |
| September 30, 2019 | 67,184 [11] | - | (31,376) [2] | (0.00) |
| June 30, 2019 | 74,786 [11] | - | (33,900) [3] | (0.00) |
| March 31, 2019 | 107,098 [11] | - | (10,453) [4] | (0.00) |
| December 31, 2018 | 117,128 [10] | - | (96,153) [5] | (0.04) |
| September 30, 2018 | 189,491 [11] | - | (85,037) [6] | (0.01) |
| June 30, 2018 | 295,829 [11] | - | (124,481) [7] | (0.01) |
| March 31, 2018 | 351,490 [11] | - | (262,368) [8] | (0.03) |

Notes:

(1) Net loss of $33,373 resulted mainly from exploration and evaluation expenditures of $19,784, professional fees of $10,754, reporting issuer costs of $1,128 and shareholder and investor relations expenses of $1,530.

(2) Net loss of $31,376 resulted mainly from exploration and evaluation expenditures of $1,400, professional fees of $19,420, shareholder and investor relations expenses of $864 and loss on marketable securities of $7,500.

(3) Net loss of $33,900 resulted mainly from exploration and evaluation expenditures of $812, share-based compensation of $19,760, professional fees of $18,075, reporting issuer costs of $4,771 and shareholder and investor relations expenses of $1,078, offset by gain on marketable securities of $14,375.

(4) Net loss of $10,453 resulted mainly from exploration and evaluation expenditures of $3,169, professional fees of $22,770, reporting issuer costs of $5,033, shareholder and investor relations expenses of $1,349, and bank charges of $57, offset by gain on marketable securities of $29,625.

(5) Net loss of $96,153 resulted mainly from exploration and evaluation expenditures of $9,239, professional fees of $20,529, management compensation of $6,000 and shareholder and investor relations expenses of $1,137.

(6) Net loss of $85,037 resulted mainly from exploration and evaluation expenditures of $1,381, professional fees of $19,900, management compensation of $9,000, shareholder and investor relations expenses of $1,218 and loss on marketable securities of $55,925, offset by income tax recovery resulting from income tax credits from Quebec of $9,831.

(7) Net loss of $124,481 resulted mainly from exploration and evaluation expenditures of $42,668, share-based compensation of $55,234, professional fees of $22,140, management compensation of $10,000 and shareholder and investor relations expenses of $9,694, offset by gain on marketable securities of $27,963 and income tax recovery resulting from income tax credits from Quebec of $2,180.

(8) Net loss of $262,368 resulted mainly from exploration and evaluation expenditures of $12,960, professional fees of $31,004, management compensation of $12,000 and shareholder and investor relations expenses of $1,203 and loss on marketable securities of $195,738.

(9) Per share amounts are rounded to the nearest cent; therefore, aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

(10) Audited.

(11) Unaudited.

## Trends

Management regularly monitors economic financial market conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Beginning in Q2 of 2017 and to the date of this MD&A, equity markets in the junior resource exploration sector have been very difficult. Given this, the Company still believes precious and base metals are a viable investment for the long-term investor.

Apart from these factors and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

## Related Party Transactions and Major Shareholder

(a) Related party transactions

Related parties include the Board and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

Remuneration of directors and key management personnel (including CEO, Chief Financial Officer ("CFO") and directors), other than consulting fees, of the Company was as follows:

| Management compensation and salaries and benefits | Year ended December 31, 2019 $ | Year ended December 31, 2018 $ |
|---|---|---|
| Brian Michael Howlett & Associates Inc. ("BMH"), CEO fees (1)(2) | nil | 37,000 |
| Marrelli Support Services Inc. ("Marrelli Support"), CFO fees (1)(3) | 18,540 | 18,540 |
| **Total** | **18,540** | **55,540** |

| Share-based compensation | Year ended December 31, 2019 $ | Year ended December 31, 2018 $ |
|---|---|---|
| Alain Krushnisky, Director | nil | 8,498 |
| Brian Howlett, President and CEO | 6,916 | 8,498 |
| Carmelo Marrelli, CFO | nil | 4,248 |
| Eric Szustak, Director | 6,916 | nil |
| Gérald Riverin, Director | 1,976 | 8,498 |
| Jo-Anne Archibald, Corporate Secretary | nil | 4,248 |
| Mark Goodman, Chairman | 1,976 | 8,498 |
| Morgan Quinn, Director | 1,976 | 8,498 |
| **Total** | **19,760** | **50,986** |

(1) The amounts charged are conducted on normal market terms and are recorded at their exchange value.

(2) Management service fees are paid to BMH, a company controlled by Brian Howlett, the CEO of the Company. No management fees are currently being charged by BMH to the Company.

(3) Professional fees are paid to Marrelli Support, an organization of which Carmelo Marrelli, the CFO of the Company, is president.

Salaries and benefits include director fees. The Board and officers do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services and officers are entitled to fees and stock options for their services. During the year ended December 31, 2019, and the year ended December 31, 2018, the directors of the Company have waived their director fees to conserve cash. As at December 31, 2019, officers and directors (excluding the CFO) were owed $2,260 (December 31, 2018 - $11,491) and this amount was included in amounts payable and other liabilities.

The Company entered into the following transactions with related parties:

| Names | Year ended December 31, 2019 $ | Year ended December 31, 2018 $ |
|---|---|---|
| Marrelli Support (i) | 26,292 | 27,128 |
| DSA Corporate Services Inc. ("DSA") (ii) | 5,110 | 14,966 |
| Marrelli Press Release Services Limited ("Press Release") (iii) | 608 | nil |
| **Total** | **32,010** | **42,094** |

(i) During the year ended December 31, 2019, the Company paid professional fees of $26,292 (year ended December 31, 2018 - $27,128) to Marrelli Support, an organization of which Carmelo Marrelli is president. Carmelo Marrelli is the CFO of the Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. As at December 31, 2019, Marrelli Support was owed $24,745 (December 31, 2018 - $15,358) and this amount was included in amounts payable and other liabilities.

(ii) During the year ended December 31, 2019, the Company paid professional fees of $5,110 (year ended December 31, 2018 - $14,966) to DSA, an organization of which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operations for corporate secretarial matters. As at December 31, 2019, DSA was owed $633 (December 31, 2018 - $5,134) and this amount was included in amounts payable and other liabilities.

(iii) During the year ended December 31, 2019, the Company paid professional fees of $608 (year ended December 31, 2018 - $nil) to Press Release, an organization of which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director of Press Release. These services were incurred in the normal course of operations for press release matters. As at December 31, 2019, Press Release was owed $470 (December 31, 2018 - $5,134) and this amount was included in amounts payable and other liabilities.

In connection with the Offering, Brian Howlett, the CEO of the Company, acquired 200,000 FT Units and Eric Szustak, a director of the Company, acquired 150,000 FT Units.

(b) Major shareholders

To the knowledge of the directors and senior officers of the Company as at December 31, 2019, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than as set out below:

| Major shareholders | Number of common shares | Percentage of outstanding common shares |
|---|---|---|
| Brian Howlett, President and CEO | 1,180,000 | 10.46% |
| Eric Szustak, Director | 1,240,000 | 11.00% |

None of the Company's major shareholders have different voting rights than other holders of the Company's common shares.

The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company.

## Financial Highlights

**Financial Performance**

*Year ended December 31, 2019, compared with year ended December 31, 2018*

The Company's net loss totaled $109,102 for the year ended December 31, 2019, with basic and diluted loss per share of $0.01. This compares with a net loss of $568,039 with basic and diluted loss per share of $0.06 for the year ended December 31, 2018. The decrease of $458,937 in net loss was principally because:

- Exploration and evaluation expenditures decreased by $41,083 to $25,165 in the year ended December 31, 2019, compared to the year ended December 31, 2018. The decrease was attributable to expenditures on the Coppercorp Property. Refer to the "Coppercorp Property" section above for more details;

- Professional fees decreased by $22,554 to $71,019 in the year ended December 31, 2019, from $93,573 in the year ended December 31, 2018 due to lower legal fees incurred during the current period;

- Management compensation decreased by $37,000 to $nil in the year ended December 31, 2019, compared to the year ended December 31, 2018 due to an elimination in monthly fees paid to the CEO.

- Share-based compensation decreased by $35,474 to $19,760 in the year ended December 31, 2019, compared to the year ended December 31, 2018, due to the decrease in the amount of options granted in 2019;

- The Company recorded an unrealized gain on marketable securities of $165,000 during the year ended December 31, 2019, compared to an unrealized loss of $255,925 during the year ended December 31, 2018. The increase in unrealized gain of $420,925 is due to the change in fair value of Yorbeau shares; and

- The Company recorded a realized loss on marketable securities of $128,625 during the year ended December 31, 2019, compared to a realized loss of $17,900 during the year ended

December 31, 2018. The increase in realized loss is due to the sale of 4,000,000 Yorbeau shares during the year ended December 31, 2019, compared to 592,500 during the year ended December 31, 2018.

- All other expenses related to general working capital expenditures.

*Three months ended December 31, 2019, compared with three months ended December 31, 2018*

The Company's net loss totaled $33,373 for the three months ended December 31, 2019, with basic and diluted loss per share of $0.00. This compares with a net loss of $96,153 with basic and diluted loss per share of $0.04 for the three months ended December 31, 2018. The decrease of $62,780 in net loss was principally because:

- Exploration and evaluation expenditures increased by $10,545 to $19,784 in the three months ended December 31, 2019, compared to the three months ended December 31, 2018. The increase was attributable to expenditures on the Coppercorp Property. Refer to the "Coppercorp Property" section above for more details;

- Professional fees decreased by $9,775 to $10,754 in the three months ended December 31, 2019, from $20,529 in the three months ended December 31, 2018 due to lower accounting fees incurred during the current period;

- Management compensation decreased by $6,000 to $nil in the three months ended December 31, 2019, compared to the three months ended December 31, 2018 due to an elimination of monthly fees paid to management;

- The Company recorded an unrealized gain on marketable securities of $17,500 during the three months ended December 31, 2019, compared to an unrealized loss of $32,225 during the three months ended December 31, 2018. The increase in unrealized gain of $49,725 is due to the change in fair value of Yorbeau shares; and

- All other expenses related to general working capital expenditures.

The Company's total assets at December 31, 2019 were $66,615 (December 31, 2018 - $117,128) against total liabilities of $64,215 (December 31, 2018 - $59,293). The decrease in total assets of $50,513 resulted from cash spent on operating costs and the decrease in fair value of Yorbeau shares, which was offset by sale of marketable securities and proceeds from the Offering. The Company has sufficient current assets to pay its existing liabilities of $64,215 at December 31, 2019. Liabilities include flow-through shares liability of $2,828, which is not settled through cash payments. Instead, this balance is amortized against qualifying flow-through expenditures that are required to be incurred before December 31, 2020.

## Liquidity and Financial Position

At December 31, 2019, the past activities of the Company were primarily financed through equity and debt offerings and the exercise of stock options and warrants. No options or warrants were exercised during the year ended December 31, 2019. On October 9, 2019, the Company completed a private placement of $47,500.

At December 31, 2019, the Company had $31,389 in cash (December 31, 2018 – $7,523). Cash increased due to proceeds from the sale of Yorbeau shares and proceeds from private placement completed on October 9, 2019, which was offset by expenditures on operating expenses.

Amounts payable and other liabilities increased to $61,387 at December 31, 2019, compared to $59,293 at December 31, 2018. The variation is primarily the result of fluctuations in amounts payable and other liabilities, which are usually paid as and when they become due.

The Company has no operating revenues; and therefore, must utilize its current cash reserves and other anticipated transactions to meet ongoing operating activities.

As of December 31, 2019, and the date of this MD&A, the cash resources of the Company were held with one Canadian chartered bank.

The Company had no debt at December 31, 2019, and its credit and interest rate risk is minimal. Amounts payable and other liabilities are short term and non-interest bearing.

The Company's use of cash and proceeds from the sale of Yorbeau shares is expected to support corporate overhead. Currently, the Company's corporate reduced overhead is averaging approximately less than $11,000 per month for general and administrative costs, professional fees and other working capital items. Based on the rate of expenditure, the Company will likely have to raise capital in fiscal 2020 if an opportunity arises. Yorbeau shares have decreased in value significantly, which will delay completion of Phase 1 of the Coppercorp Property of $280,000. The Company will defer payments or sell assets where possible until the capital is sourced.

Additional measures have been undertaken or are under consideration to further reduce corporate overhead.

### Cash Flow

At December 31, 2019, the Company had cash of $31,389 compared to $7,523 at December 31, 2018. The increase in cash of $23,866 from the December 31, 2018 cash balance of $7,523 was a result of cash outflows in operating activities of $126,166 which was offset by cash provided by investing activities of $111,375 and cash provided by financing activities of $38,657. Operating activities were affected by adjustments for unrealized gain on marketable securities of $165,000, realized loss on marketable securities of $128,625, share-based compensation of $19,760, premium on flow-through shares of $1,922 and net change in non-cash working capital balances of $1,473 because of an increase in amounts receivable and other assets of $621 and an increase in amounts payable and other liabilities of $2,094. Investing activities consisted of proceeds from sale of marketable securities of $111,375. Financing activities consisted of proceeds from issuance of flow-through common shares of $47,500 which was offset by shares issue costs of $8,843.

## New Accounting Standard Adopted During the Year

On June 7, 2017, the IASB issued IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. At January 1, 2019, the Company adopted this standard and there was no material impact on the Company's financial statements.

## Financial Instruments

### Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with a major Canadian chartered bank, from which management believes the risk of loss to be minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities or sale of assets. As at December 31, 2019, the Company had cash of $31,389 (December 31, 2018 - $7,523) to settle current liabilities of $64,215 (December 31, 2018 - $59,293). The Company notes that the flow-through share liability which represents $2,828 of current liabilities balance is not settled through cash payment. Instead, this balance is amortized against qualifying flow-through expenditures which are required to be incurred before December 31, 2020. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company's ability to continually meet its obligations is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

(iii) 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 equity price.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt at December 31, 2019. The Company's current policy is to invest surplus cash in high yield savings accounts and guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is $nil.

(c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's loss due to movements in individual equity prices or general movements in the level of stock market.

The Company has $25,000 invested in marketable securities as at December 31, 2019. These investments are classified as FVTPL, and are subject to equity price risk. The fluctuation in the price of these marketable securities could have a significant impact on the Company's profit or loss for the year ended December 31, 2019. The Company's year end equity would also increase or decrease by the additional profit or loss amount.

**Sensitivity analysis**

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve-month period:

(i) Cash is subject to floating interest rates. The Company receives low interest rates on its cash balances. As such, the Company does not have significant interest rate risk.

(ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

(iii) The Company's marketable securities are denominated in Canadian dollars and are subject to fair value fluctuations. As at December 31, 2019, if the fair value of the Company's marketable securities had increased/decreased by 20% with all other variables held constant, income for the year ended December 31, 2019, would have been approximately $5,000 higher/lower. Similarly, as at December 31, 2019, the Company's reported shareholders' equity would have been approximately $5,000 higher/lower as a result of a 20% increase/decrease in marketable securities.

## Share Capital

As at the date hereof, the Company has 11,277,335 common shares, 950,000 warrants and 775,000 stock options issued and outstanding. The Company, therefore, has 13,002,335 common shares on a fully diluted basis.

## Outlook

The Company is engaged in the acquisition, exploration and evaluation of properties for the mining of precious and base metals. Management is also investigating the potential of an RTO transaction.

The Company will need to secure additional financing to meet its ongoing obligations; however, there is no assurance that the Company will be able to do so. See "Risk Factors".

## Risk Factors

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and evaluation of mining properties. The risks below are not the only ones facing the Company. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair its operations. If any of the following risks actually occur, the Company's business, financial condition and operating results could be adversely affected.

***Nature of mineral exploration and mining***

The Company recently acquired the Coppercorp property from Superior Copper Corp. The Company's viability and potential success is based on its ability to develop, exploit and generate revenue from mineral deposits. The exploration and evaluation of mineral deposits involve substantial financial risk over a long period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed exploration programs on properties in which the Company has an interest will result in a profitable commercial mining operation.

The operations of the Company are subject to all of the hazards and risks normally incident to exploration and development of mineral properties, any of which could result in damage to life and property or the environment and possible legal liability for any and all damage. The activities of the Company may be subject to prolonged disruptions due to weather conditions depending on the location of the operations in which the Company has interests. Hazards, such as unusual or unexpected geological structures, rock bursts, pressure, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. While the Company may obtain insurance against certain risks in such amounts it considers adequate, the nature of these risks is such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure against or, which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage or associated with compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially, its financial position.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

***Fluctuating prices***

Factors beyond the Company's control may affect the marketability of copper, gold or any other minerals discovered. Commodity prices have fluctuated widely and are affected by numerous factors beyond the Company's control. The effect of these factors cannot accurately be predicted.

***Permits and licenses***

The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it holds all necessary licenses and permits required for carrying out the activities it is currently conducting under applicable laws and regulations, and that it is complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various operating circumstances. There can be no assurance that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations at its projects.

***Competition***

The mineral exploration and mining business is competitive in all its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and the acquisition of attractive mineral properties, the acquisition of mining equipment and related supplies and the attraction and retention of qualified personnel. The ability of the Company to acquire properties, purchase required equipment, and hire qualified personnel in the future will depend not only on its ability to develop its present properties, but also on its ability to identify, arrange, negotiate, select or acquire suitable properties or prospects for mineral exploration, source suitable equipment and hire qualified people. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties or prospects, sourcing equipment or hiring people.

***Environmental and climate change regulation***

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for 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 the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards, enforcement, and fines and penalties for non-compliance, are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of future operations. Such impacts may have an adverse effect on the capital and operating cost of the Company's operations or those of its future customers that may materially affect future operations.

***Estimates of mineral resources may not be realized***

The mineral resource estimates published from time to time by the Company with respect to its properties are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit that can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geological, metallurgical or engineering work, and work interruptions, among other things. Short-term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or financial performance. There can be no assurance that minerals recovered in small-scale laboratory tests will be duplicated in large-scale tests under on-site conditions or in production-scale operations. Material changes in resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. The estimated resources described herein should not be interpreted as assurances of mine life or of the profitability of future.

***Dependence on key personnel***

The Company is dependent on the services of its senior management and a small number of skilled and experienced employees and consultants. The loss of any such combination of individuals could have a material adverse effect on the Company's operations.

***Limited financial resources***

The existing financial resources of the Company are not sufficient to bring any of its properties into commercial production. The Company will need to obtain additional financing from external sources in order to fund the development of its properties. There is no assurance that the Company will be able to obtain such financing on favourable terms, or at all. Failure to obtain financing could result in delay or indefinite postponement of further exploration and development of the Company's properties.

***Extreme volatility***

The Company has identified the extreme volatility occurring in the financial markets recently as a significant risk for the Company. As a result of the market turmoil, investors are moving away from assets they perceive as risky to those they perceive as safe. Companies like the Company are considered risk assets and as mentioned above are highly speculative. The volatility in the markets and investor sentiment may make it difficult for the Company to access the capital markets in order to raise the capital it will need to fund its current level of expenditures.

***Novel Coronavirus ("COVID-19") and Health Crises***

Company has identified the extreme volatility occurring in the financial markets recently as a significant risk for the Company. As a result of the market turmoil, investors are moving away from assets they perceive as risky to those they perceive as safe. Companies like the Company are considered risk assets and as mentioned above are highly speculative. The volatility in the markets and investor sentiment may make it difficult for the Company to access the capital markets in order to raise the capital it will need to fund its current level of expenditures.

Similarly, the Company cannot estimate the extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Travel bans and other government restrictions may also adversely impact the Company's operations and the ability of the Company to advance its projects. In particular, if any employees or consultants of the Company become infected with COVID-19 or similar pathogens, and/or the Company is unable to source necessary consumables or supplies due to government restrictions or otherwise, it could have a material negative impact on the Company's operations and prospects, including the complete shutdown of one or more of its exploration programs. The situation is dynamic and changing day-to-day. The Company is exploring several options to deal with any repercussions that may occur as a result of the COVID-19 outbreak.

## Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence in that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements, and (ii) the financial statements fairly present in all material respects the financial condition, financial performance and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate do not make any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## Subsequent Events

(i) On January 13, 2020, the Company announced that its Exploration Plan applications, which had been elevated by the Ontario Ministry of Energy, Northern Development and Mines to Exploration Permit application status, have now been granted such that the Company can proceed with its planned surface exploration program of trenching and ground and borehole geophysical surveys on the Coppercorp Property. An agreement to conduct basic surface exploration had been signed and activated with the Batchewana First Nation in the spring of 2018.

(ii) The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

## Additional Disclosure for Venture Issuers without Significant Revenue

| **Detail** | **Year ended December 31, 2019 $** | **Year ended December 31, 2018 $** |
|---|---:|---:|
| Professional fees | 71,019 | 93,573 |
| Share-based compensation | 19,760 | 55,234 |
| Office and general | 15,370 | 30,201 |
| Reporting issuer costs | 11,157 | 10,559 |
| Shareholder and investor relations | 4,821 | 13,252 |
| Bank charges | 107 | 158 |
| Management compensation | Nil | 37,000 |
| **Total** | **122,234** | **239,977** |

## Exploration and Evaluation Expenditures

| Coppercorp Property | Year ended December 31, 2019 $ | Year ended December 31, 2018 $ |
|---|---|---|
| General and geology | 21,935 | 61,236 |
| Geochemistry | 3,230 | 4,012 |
| Professional fees | nil | 1,000 |
| **Activity during the year** | **25,165** | **66,248** |