

**BAROLO VENTURES CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MAY 31, 2020**

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**Dated: September 22, 2020**

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

This management's discussion and analysis ("MD&A") reports on the operating results and financial condition of Barolo Ventures Corp. for the year ended May 31, 2020 and is prepared as at September 22, 2020. Throughout this MD&A, unless otherwise specified, "Barolo", "Company", "we", "us" and "our" refer to Barolo Ventures Corp.. This MD&A should be read in conjunction with the Company's audited financial statements ("Financial Statements") for the year ended May 31, 2020 and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"). Other information contained in these documents has also been prepared by management and is consistent with the data contained in the Financial Statements. All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are responsible to ensure that this MD&A does not contain any untrue statement of a 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 was made, with respect to the periods covered. The Financial Statements together with the other financial information included in this MD&A fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date hereof and for the periods presented herein. The board of directors' (the "Board") approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward-looking statements include but are not limited to statements concerning:

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- The Company's strategies and objectives
- General business and economic conditions
- Foreign political policies and objectives
- The Company's success at completing future financings
- The continued financial support of its shareholders

Readers are cautioned that the preceding list of risks, uncertainties, assumptions and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in or implied by these forward-looking statements. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. The forward-looking statements contained in this document are made as of the date hereof. Accordingly, readers should not place undue reliance on forward-looking statements.

## **CORPORATE OVERVIEW**

Barolo was incorporated on June 13, 2006 and is a public company whose shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "BVC.H". The Company was previously engaged in the acquisition, exploration and development of mineral properties in Canada and the United States, but currently does not have an active business, and is investigating new business opportunities. The registered and records office of the Company is located at 2200 - 885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3E8 and the principle place of business is at 1600 - 609 Granville Street, Vancouver, British Columbia, Canada V7Y 1C3.

On September 20, 2018, the Company changed its name from North American Potash Developments Inc. to Barolo Ventures Corp. and consolidated its common shares on a 1.75 old for 1 new basis (all share and per share amounts in the Financial Statements and this MD&A reflect the share consolidation).

During the year ended May 31, 2019, management decided to dissolve the Company's three US subsidiaries (BUA USA LLC, Potash Green LLC, and Potash Green Utah LLC). The majority of the assets and liabilities in these companies were intercompany loans, advances and investments that have now been written off. As such, there was no significant impact on the Company's financial statements aside from the loss on dissolution of the subsidiaries of \$544,892 resulting from the derecognition of the Company's non-controlling interests. All comparative figures in the Financial Statements and this MD&A include the accounts of the Company and the now dissolved subsidiaries.

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

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**SELECTED ANNUAL INFORMATION<sup>1</sup>**

|                                                  | <b>For the year ended<br/>May 31, 2020</b> | <b>For the year ended<br/>May 31, 2019</b> | <b>For the year ended<br/>May 31, 2018</b> |
|--------------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|
| <b>Revenue</b>                                   | \$-                                        | \$-                                        | \$-                                        |
| <b>Loss for the year</b>                         | \$(110,440)                                | \$(931,145)                                | \$(69,451)                                 |
| <b>Basic/diluted loss per share <sup>2</sup></b> | \$(0.01)                                   | \$(0.09)                                   | \$(0.03)                                   |
| <b>Total assets</b>                              | \$62,502                                   | \$177,688                                  | \$6,834                                    |
| <b>Current liabilities</b>                       | \$40,246                                   | \$44,992                                   | \$392,815                                  |
| <b>Long-term liabilities</b>                     | \$-                                        | \$-                                        | \$-                                        |

<sup>1</sup> Financial information prepared in accordance with IFRS.

<sup>2</sup> On September 20, 2018, the Company consolidated its share capital on a 1.75 old shares for one new share basis. All share and per share values in the financial statements and this MD&A have been adjusted to reflect this consolidation.

Since the end of the 2015 fiscal year, the Company has had no revenue and has incurred sustaining overhead expenses as it continues to investigate new business opportunities. The main expenditures for the 2018 and 2020 fiscal years were for administrative and legal costs. The significant increase in loss for the 2019 fiscal year principally related to share based payments expense of \$304,930 associated with the fair value of incentive stock options granted and vested during the period, and a loss of \$544,892 on dissolution of the Company's subsidiaries, partially offset by an \$81,349 gain associated with the recovery of certain aged trade payables.

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**SUMMARY OF QUARTERLY RESULTS<sup>1</sup>**

|                                                        | <b>4<sup>th</sup> Quarter<br/>Ended<br/>May 31,<br/>2020</b> | <b>3<sup>rd</sup> Quarter<br/>Ended<br/>February 28,<br/>2020</b> | <b>2<sup>nd</sup> Quarter<br/>Ended<br/>November 30,<br/>2019</b> | <b>1<sup>st</sup> Quarter<br/>Ended<br/>August 31,<br/>2019</b> |
|--------------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------|
| (a) Revenue                                            | \$-                                                          | \$-                                                               | \$-                                                               | \$-                                                             |
| (b) Loss for the period                                | (\$31,378)                                                   | (\$27,090)                                                        | (\$30,736)                                                        | (\$21,236)                                                      |
| (c) Basic/diluted loss per share                       | (\$0.00)                                                     | (\$0.00)                                                          | (\$0.00)                                                          | (\$0.00)                                                        |
|                                                        | <b>4<sup>th</sup> Quarter<br/>Ended<br/>May 31,<br/>2019</b> | <b>3<sup>rd</sup> Quarter<br/>Ended<br/>February 28,<br/>2019</b> | <b>2<sup>nd</sup> Quarter<br/>Ended<br/>November 30,<br/>2018</b> | <b>1<sup>st</sup> Quarter<br/>Ended<br/>August 31,<br/>2018</b> |
| (a) Revenue                                            | \$-                                                          | \$-                                                               | \$-                                                               | \$-                                                             |
| (b) Income (loss) for the period                       | \$794,283                                                    | (\$325,369)                                                       | (\$1,374,479)                                                     | (\$25,580)                                                      |
| (c) Basic/diluted income (loss) per share <sup>2</sup> | \$0.08                                                       | (\$0.02)                                                          | (\$0.14)                                                          | (\$0.01)                                                        |

<sup>1</sup> Financial information prepared in accordance with IFRS.

<sup>2</sup> On September 20, 2018, the Company consolidated its share capital on a 1.75 old shares for one new share basis. All share and per share values in the consolidated financial statements and this MD&A have been adjusted to reflect this consolidation.

The operating results for the periods detailed in the table above largely reflect the on-going costs of maintaining a public company. The significant loss in the second quarter of 2019 related to the fair value of the 12,000,000 warrants issued with the October 2, 2018 non-brokered private placement. The fair value was determined to be \$1,306,881 using the Black-Scholes pricing model under the following assumptions: risk-free interest rate - 0.75%; expected life - 1 year; expected volatility – 135% and expected dividends – nil. The \$1,306,881 was subsequently reversed in the fourth quarter of 2019 as management determined that per the residual value method the value of the warrants is \$nil. The income in the fourth quarter of 2019 also included gains on the write-off of certain accounts payable. The increased loss in the third quarter of 2019 related to share-based payments expense of \$304,930 associated with the fair value of incentive stock options granted and vested during the period.

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**RESULTS OF OPERATIONS FOR THE THREE AND TWELVE MONTHS ENDED MAY 31, 2020**

The following is an analysis of the Company's operating results for the three and twelve months ended May 31, 2020 and includes a comparison against the three and twelve months ended May 31, 2019.

**Comprehensive income (loss)** for the three and twelve months ended May 31, 2020 amounted to (\$31,378) and (\$110,440) or (\$0.00) and (\$0.01) per share (basic and diluted), respectively (2019 – \$794,283 and (\$931,145) or \$0.08 and (\$0.09) loss per share (basic and diluted), respectively) based on a weighted average number of shares outstanding of 14,004,287 common shares (2019 – 9,927,575 common shares). The Company's income during the three months ended May 31, 2019 was attributed to the \$81,349 recovery from accounts payable that were eliminated through debt forgiveness and the \$1,306,881 reversal of the fair value of the warrants issued with the October 2, 2018 non-brokered private placement.

**Audit and accounting** expenses for the three and twelve months ended May 31, 2020 were \$25,000 and \$79,464 compared to \$37,000 and \$75,150, respectively for the same periods in the previous year. These fees relate to the accounting services utilized by the Company to maintain its books and records, the preparation of the Company's annual corporate tax return, the accrual of fees for the 2020 fiscal year audit and the costs associated with filing required financial reports with the Exchange.

**Administration and bank charges** for the three and twelve months ended May 31, 2020 were \$26 and \$131, respectively compared to \$23 and \$816 for the same periods in the previous year. These charges were incurred for office supplies and the maintenance of the Company's bank accounts.

**Consulting fees** for the three and twelve months ended May 31, 2020 were \$nil and \$nil compared to \$nil and \$1,000, respectively for the same periods in the previous year. The charges in the previous period were incurred as part of the Company's ongoing efforts to investigate new business opportunities.

**Interest and penalties** for the three and twelve months ended May 31, 2020 were \$nil and \$nil, respectively compared to \$968 and \$15,968, respectively for the same periods in the previous year. The charges in the previous period are late-filing penalties and interest on the Company's tax returns.

**Legal fees** for the three and twelve months ended May 31, 2020 were \$1,410 and \$6,802 compared to \$5,867 and \$18,874, respectively for the same periods in the previous year. The Company incurred higher legal services in the previous year as part of its efforts to bring its reporting up to date, communicate with the previous and current Board of Directors, complete the name change, consolidate the Company's existing common shares and close a non-brokered private placement.

**Rent expense** for the three and twelve months ended May 31, 2020 was \$3,000 and \$12,000, respectively compared to \$3,000 and \$10,000, respectively for the same periods in the previous year. The rent charge is part of a new rental agreement that began in August 2018 and is for the administrative head office of the Company.

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**Share-based payments** for the three and twelve months ended May 31, 2020 were \$nil and \$nil, respectively compared to \$nil and \$304,930, respectively for the same periods in the previous year. The share-based payments related to the fair value of the 1,400,000 incentive stock options granted on December 3, 2018.

**Transfer agent and filing fees** for the three and twelve months ended May 31, 2020 were \$1,942 and \$12,043, respectively compared to \$1,838 and \$37,056, respectively for the same periods in the previous year. The expenditures in the previous periods were significantly higher than the current periods as in 2019 the Company's cease-trade order was lifted and it retained the services of a transfer agent. Additionally, there were costs and fees required by the Exchange and the BCSC associated with the revocation of the cease trade order, share consolidation and name change.

**Travel expenses** for the three and twelve months ended May 31, 2020 were \$nil and \$nil, respectively compared to \$nil and \$2,201 for the same periods in the previous year. These charges were incurred for purposes of investigating new business.

**Write-off of exploration and evaluation assets** for the three and twelve months ended May 31, 2020 were \$nil and \$nil, respectively compared to \$nil and \$1 for the same periods in the previous year. The Company had not spent the minimum required amounts to maintain its four claims on the Hornby Basin Property and has no intention of ever doing so. Thus, the Company decided to completely write-off any claims to this property and use its existing working capital to fund new business opportunities elsewhere.

**Foreign exchange losses** for the three and twelve months ended May 31, 2020 were \$nil and \$nil, respectively compared to (\$360) and (\$1,606), respectively for the same periods in the previous year. This figure will fluctuate with any change in the exchange rate of the US dollar.

**Recovery of accounts payable and accrued liabilities** for the three and twelve months ended May 31, 2020 was \$nil and \$nil compared to \$81,349 and \$81,349 for the same periods in the previous year. In 2019, the Company eliminated \$81,349 of aged trade payables through debt forgiveness during the year.

**Loss on dissolution of subsidiaries** for the three and twelve months ended May 31, 2020 was \$nil and \$nil compared to \$544,892 and \$544,892 for the same periods in the previous year. During the previous year ended May 31, 2019, management decided to dissolve the Company's three US subsidiaries (BUA USA LLC, Potash Green LLC, and Potash Green Utah LLC). The majority of the assets and liabilities in these companies were intercompany loans, advances and investments that have now been written off. The \$544,892 loss on the dissolution resulted from the derecognition of the Company's non-controlling interests.

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**SHARE CAPITAL**

**Authorized:**

Unlimited common shares without par value.

**Issued and outstanding:**

On September 20, 2018, the Company consolidated its common shares on a 1.75 old for 1 new basis (all share and per share amounts in the Financial Statements and this MD&A reflect the share consolidation).

On August 22, 2018, the Company closed a non-brokered private placement financing of 12,000,000 subscription receipts (the "Subscription Receipts") of the Company at a price of \$0.05 per Subscription Receipt for gross proceeds of \$600,000 (the "Offering"). On October 2, 2018, each Subscription Receipt automatically converted into one unit of the Company (each, a "Unit") for no additional consideration. Each Unit consisted of one post-consolidated common share and one share purchase warrant, with each share purchase warrant entitling the holder to acquire one additional post-consolidated common share at a price of \$0.07 per share until October 2, 2019. As of the date of this MD&A all warrants expired unexercised.

As of May 31, 2020, and the date of this MD&A, the Company has 14,004,287 common shares issued and outstanding.

**Stock Options:**

The Company has established a stock option plan whereby the Board may, from time to time, grant options to directors, officers, employees or consultants to a maximum of 10% of the Company's issued and outstanding common shares. These options may be granted for a maximum term of ten years from the date of grant and vest as determined by the Board.

On December 3, 2018 the Company granted 1,400,000 incentive stock options to directors, officers and a consultant of the Company which vested immediately; they have an exercise price of \$0.25 and expire on December 3, 2023.

A summary of the Company's stock option activity is as follows:

|                                                                         | Number of<br>Options | Weighted average<br>Exercise Price |
|-------------------------------------------------------------------------|----------------------|------------------------------------|
| Balance, as at May 31, 2018                                             | -                    | \$ -                               |
| Granted                                                                 | 1,400,000            | \$0.25                             |
| Balance, as at May 31, 2019, May 31, 2020, and<br>the date of this MD&A | 1,400,000            | \$0.25                             |

As at May 31, 2020 and the date of this MD&A, stock options outstanding and exercisable are as follows:

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| <b>Grant Date</b> | <b>Number of options<br/>Outstanding and<br/>Exercisable</b> | <b>Exercise Price</b> | <b>Expiry date</b> | <b>Remaining contractual<br/>life (years)</b> |
|-------------------|--------------------------------------------------------------|-----------------------|--------------------|-----------------------------------------------|
| December 3, 2018  | <b>1,400,000</b>                                             | \$0.25                | December 3, 2023   | 3.51                                          |
| <b>Total</b>      | <b>1,400,000</b>                                             | <b>\$0.25</b>         |                    | <b>3.51</b>                                   |

The fair value of the options granted during the year ended May 31, 2019 was determined to be \$304,930 using the Black-Scholes option pricing model under the following assumptions: risk-free interest rate - 2.07%; expected life - 5 years; expected volatility - 135% and expected dividends - nil.

**Warrants:**

On October 2, 2018, as part of a non-brokered private placement the Company issued 12,000,000 share purchase warrants, with each warrant entitling the holder to acquire one post-consolidated common share at a price of \$0.07 per share until October 2, 2019. These warrants have a \$nil value based on the residual value method.

As of October 2, 2019 all warrants expired unexercised.

A summary of the Company's warrant activity is as follows:

|                                                                      | <b>Number of<br/>warrants</b> | <b>Weighted<br/>Average Exercise<br/>price</b> | <b>Expiry Date</b>     |
|----------------------------------------------------------------------|-------------------------------|------------------------------------------------|------------------------|
| <b>Balance, as at May 31, 2018</b>                                   | -                             | \$ -                                           |                        |
| <b>Issued</b>                                                        | <b>12,000,000</b>             | <b>0.07</b>                                    | <b>October 2, 2019</b> |
| <b>Balance, as at May 31, 2019</b>                                   | <b>12,000,000</b>             | <b>0.07</b>                                    | <b>October 2, 2019</b> |
| <b>Expired</b>                                                       | <b>(12,000,000)</b>           | <b>0.07</b>                                    | <b>October 2, 2019</b> |
| <b>Balance, as at May 31, 2020<br/>and the date of this MD&amp;A</b> | -                             | -                                              |                        |

**LIQUIDITY AND CAPITAL RESOURCES**

The Company had working capital of \$22,256 at May 31, 2020 as compared to working capital of \$132,696 as at May 31, 2019. At May 31, 2020, the Company had cash in the amount of \$61,435, as compared to \$162,715 at May 31, 2019.

To date, the Company has financed its activities by selling its common shares through private placements, advances from shareholders, and option payments received on property it optioned to a third party.

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On October 2, 2018 the \$600,000 in proceeds from the Offering were released to the Company, and each Subscription Receipt automatically converted into one Unit of the Company for no additional consideration. Each Unit consisted of one post-consolidated common share and one share purchase warrant, with each share purchase warrant entitling the holder to acquire one additional post-consolidated common share at a price of \$0.07 per share until October 2, 2019. As of the date of this MD&A all warrants expired unexercised.

The Company has no operating revenues and finances its operations principally through equity financing. Although the Company has been successful in raising the above funds, there can be no assurance that equity funding will be accessible to the Company at the times and in the amounts required to fund the Company's activities. In these uncertain times, the Company carefully monitors its expenditure and cash flows. The Company anticipates that it will continue to rely on the equity market to raise additional funds when needed. The Company has no current plans to use debt financing.

The Company currently has no established credit lines with chartered banks or other financial institutions.

As at the date of this MD&A, there were no capital lease obligations or purchase obligations.

A summary of the Company's cash flows during the year ended May 31, 2020 and the comparative year ended May 31, 2019 is as follows:

|                                             | 2020         | 2019         |
|---------------------------------------------|--------------|--------------|
| Cash flows used in operating activities     | \$ (101,280) | \$ (437,402) |
| Cash flows used in investing activities     | -            | -            |
| Cash flows provided by financing activities | -            | 600,000      |
| Change in cash for the year                 | (101,280)    | 162,598      |
| Cash, beginning of the year                 | 162,715      | 117          |
| Cash, end of the year                       | \$ 61,435    | \$ 162,715   |

**Cash flows used in operating activities** were \$101,280 for the year ended May 31, 2020 compared to \$437,402 during the year ended May 31, 2019. The \$101,280 use of cash was to pay \$15,968 in interest and penalties with the remaining \$85,312 being used for administrative and public company reporting expenditures.

**Cash flows provided by financing activities** was \$nil for the year ended May 31, 2020 compared to \$600,000 during the year ended May 31, 2019. The \$600,000 was provided by the Company's non-brokered private placement of 12,000,000 Units. See Share Capital section for details of the non-brokered private placement.

## **RISKS AND UNCERTAINTIES**

The Company is subject to a number of risks and uncertainties. The following discussion summarizes certain risk factors that apply to the Company's business. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, may also materially adversely affect the business, financial

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condition and results of operations, or the trading price of the Company's common shares if any such risks actually occur.

An investment in the Company's common shares should be considered highly speculative due to the nature of the Company's existing business and operations.

**The Company requires financing in order to maintain and continue its operations.**

The Company's ability to continue will largely be reliant on its continued attractiveness to equity investors and its ability to obtain additional financing to maintain and grow operations. Should the Company require additional capital to continue, failure to raise such capital could result in the Company going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

From time to time, the Company may issue new shares, seek debt financing, dispose of assets, or enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards.

**The Company depends on the business and technical expertise of its management team.**

The Company is dependent on the business and technical expertise of its management team. If it is unable to rely on this business and technical expertise, or if any of the expertise is inadequately performed, the business, financial condition and results of operations of the Company could be materially adversely affected until such time as the expertise could be replaced.

**The Company's share price is expected to be volatile.**

Securities of micro- and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies involved. These factors include macroeconomic development globally and market perceptions of the attractiveness of particular industries and location of the assets. The Company's share price is expected to be volatile and will be affected by the Company's financial conditions or results of operations as reflected in its liquidity position and earnings reports.

Other factors unrelated to the Company's operations and performance that may have an affect on the price of the Company's shares include: the lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of shares; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the common shares that persists for a significant period of time could cause the Company's securities to be delisted further reducing market liquidity.

As a result of any of these factors, the market price of the common shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

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**FINANCIAL INSTRUMENTS**

**Fair Value**

The Company's financial instruments include cash, receivables, and accounts payable and accrued liabilities.

Cash and receivables are classified as amortized cost. Accounts payable and accrued liabilities are classified as amortized cost. The fair values of these financial instruments approximate their carrying values because of their short-term nature and/or the existence of market related interest rates on the instruments.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, and interest rate risk. The Board approves and monitors the risk management processes.

**Financial Risk Factors**

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

**I. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet its obligations. The Company's approach to managing liquidity risk is to ensure that it will have sufficient funds to meet liabilities when due. As at May 31, 2020, the Company had a cash balance of \$61,435 (May 31, 2019 - \$162,715) to settle liabilities of \$40,246 (May 31, 2019 - \$44,992).

As such, management believes that the Company likely has insufficient liquidity to meet its operational requirements for the next fiscal year; and therefore, the Company remains dependent upon the financial support of its shareholders. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Additionally, the Company likely has insufficient funds from which to finance any identified business acquisition and as such will require additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital and/or debt financing. There can be no certainty of the Company's ability to raise additional financing through these means. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern.

Consequently, the Company is exposed to liquidity risk as at May 31, 2020.

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**II. Credit risk**

Credit risk is the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The Company is exposed to credit risk with respect to its cash position and receivables. The Company's cash is held in a major Canadian financial institution which is considered to have high creditability. The Company's receivable is from a government agency thus the collection is considered assured. The Company believes it has no significant credit risk.

**III. Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk, which are discussed further below:

**a) Interest rate risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in short-term deposit certificates issued by its banking institution. Due to the short-term nature of these financial instruments, fluctuations in interest rates do not have a significant impact on their fair values as at May 31, 2020 and 2019.

**b) Currency risk**

The Company's functional currency is the CAD. Foreign currency risk is the risk that the value of the Company's financial instruments denominated in foreign currencies will fluctuate due to changes in foreign exchange rates.

The Company believes it is not subject to significant currency risk.

**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 earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

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**RELATED PARTY TRANSACTIONS**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board and corporate officers.

As of May 31, 2020, \$nil was due to related parties (May 31, 2019 - \$nil).

During the year ended May 31, 2020, \$nil (2019 - \$243,945) was recorded as compensation costs for key management personnel, relating entirely to share-based payments.

**ADOPTION OF NEW ACCOUNTING STANDARDS**

The accounting policies applied in the preparation of the Financial Statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended May 31, 2019, except for the adoption, on June 1, 2019, of **IFRS 16, Leases** ("IFRS 16"), and **IFRIC 23, Uncertainty over Income Tax Treatments** ("IFRS 23"), both of which have an initial application as at this date.

**IFRS 16**

New standard that replaces IAS 17 and sets out the principles for the recognition, measurement, presentation and disclosures of leases; effective for annual periods beginning on or after January 1, 2019. The adoption of this standard did not have an impact on its financial statements as the Company currently has no leases.

**IFRIC 23**

New standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on January 1, 2019, with early adoption permitted. During the year ended May 31, 2019, the Company dissolved all of its subsidiaries. These subsidiaries have been removed from their respective corporate registries. As a result, the Company has determined that any penalties resulting from failure to file tax returns for these subsidiaries would be minimal and would not have a significant impact on its financial statements.

**PROPOSED TRANSACTIONS**

No transactions are proposed.

**BAROLO VENTURES CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MAY 31, 2020**

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**OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into off-balance sheet arrangements. The Company does not have any outstanding derivative financial instruments, forward contracts, foreign exchange contracts or off-balance sheet guarantees.

**CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

The preparation of financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Uncertainty about these estimates, assumptions and judgments could result in outcomes that could require a material adjustment to the carrying amount of assets or liabilities in future years. Information about critical accounting estimates, assumptions and judgments are detailed in Note 2 (c) of the May 31, 2020 audited financial statements.

**ADDITIONAL INFORMATION**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).