

MOLYSTAR RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2019

In Canadian Dollars

As at June 11, 2020

Molystar Resources Ltd.

Management Discussion & Analysis

For the Fiscal Year Ended December 31, 2019

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of MOLYSTAR RESOURCES INC.'s ("Molystar", or the "Company") performance, financial condition, and future prospects has been prepared as of June 11, 2020. This MD&A should be read in conjunction with the Company's audited financial statements and the notes thereto for the years ended December 31, 2019 and 2018, which have been prepared using International Financial Reporting Standards ("IFRS").

DESCRIPTION AND OVERVIEW OF BUSINESS

The Company was incorporated as AMH Mining Corp. by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on November 17, 2005. On February 13, 2007, the Company changed its name to Molystar Resources Inc. The Company's principal business activities have historically been the exploration of mineral resource properties. All of the Company's properties were sold or abandoned during 2010. Cease trade orders ("CTOs") were issued against the Company as a result of its failure to file its financial statements for the year ended December 31, 2008 (BC Securities Commission - May 11, 2009; Ontario Securities Commission - May 25, 2009; and Alberta Securities Commission - August 11, 2009). As of March 29, 2019 the CTOs were lifted, allowing the Company's securities to be traded again.

On February 5, 2020, the Company consolidated its common shares on a 45,000,000:1 basis. This share consolidation has been applied to all share and per share amounts, on a retroactive basis for each of the years ended December 31, 2019 and 2018. All common share amounts have been rounded to the nearest whole share.

Molystar has no business operations and as a consequence, the Company does not generate any operating income or positive cash flow. On April 12, 2019 the Company completed a private offering of its common shares, selling an aggregate of 10 shares at \$46,500 per share for gross proceeds of \$465,000.

Selected Annual Information

	Years Ended December 31		
	2019	2018	2017
	\$	\$	\$
Total revenues	-	-	-
Net loss	(179,298)	(56,018)	(9,072)
Basic and diluted loss per share	(22,412)	(56,018)	(9,072)
Total assets	217,680	10,758	7,909
Total long term liabilities	-	-	-
Cash dividends declared per share	-	-	-

The Company incurred a \$179,298 loss for fiscal 2019 as compared to a loss of \$56,018 in fiscal 2018 and a loss of \$9,072 for 2017. The main components of the change in 2019 were fees of \$55,973 (2018 - \$32,293) paid to regulators for filing on SEDAR and late fees for past year reports, management fees and consulting fees of \$61,000 (2018 - \$15,000), and professional fees of \$61,512 (2018 - \$8,700) for audit and legal fees.

SUMMARY OF FINANCIAL RESULTS OF OPERATIONS – YEAR ENDED DECEMBER 31, 2019

Since September 2013, the Company has been inactive with no operations of any nature; and except for bank service charges, no other expenditures were incurred until the audit of 2017. Through this time the Company was subject to CTO's, which precluded the Company from raising funds. The Company has

obtained revocation orders to the CTOs as of March 29, 2019, which allows the Company to raise funds and seek business opportunities.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's results for the eight most recently completed quarters:

	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
Net loss	(59,946)	(20,516)	(9,831)	(89,005)	(55,993)	(25)	-	-
Basic and diluted loss per share	(7,493)	(2,931)	(1,404)	(89,005)	(55,993)	(25)	-	-
Total assets	217,680	217,699	220,215	4,720	10,758	7,884	7,909	7,909
Shareholders equity (deficit)	149,781	170,405	190,920	(224,926)	(135,921)	(79,928)	(79,903)	(79,903)

As noted above, the Company was inactive during the past eight quarters, other than to initiate steps to remove the CTO's in the last quarter of 2018. The Company incurred a \$20,623 loss for the three months ended December 31, 2019. The main component of this were management fees, and professional fees for legal services. No other activities were initiated that would incur costs.

LIQUIDITY AND CAPITAL RESOURCES

Molystar has no operations that generate cash flows and the Company was restricted in its activities due to the CTO's. These were lifted on March 29, 2019 and as of the date of this report \$465,000 has been raised through a private offering of shares. These funds will be used to settle debts, provide working capital, and to locate business opportunities. This will be dependent on positive investor sentiment, which in turn will be influenced by a positive climate for investing in junior companies, as well as global economic outlook.

At December 31, 2019 the Company had working capital of \$149,781 (2018 - deficit of \$135,921).

OUTSTANDING SHARE DATA

Authorized Share capital: unlimited common shares without par value

SHARE DATA AT THE REPORT DATE

As of the date of this MD&A, the Company has 1,900,000 shares issued and outstanding.

RELATED PARTY TRANSACTIONS

As at December 31, 2019, included in accounts payable and accrued liabilities is \$45,000 (2018 - \$42,562) owed to the former CFO of the Company in respect of \$60,000 of management and consulting services provided to and payments made on behalf of the Company during the year then ended.

These amounts are unsecured, non-interest-bearing and have no specific terms of repayment.

These transactions occurred in the normal course of business and were measured at the exchange amount, which was the amount of consideration agreed upon between the related parties.

COMMITMENTS

The Company has no commitments.

SUBSEQUENT EVENTS

On January 10, 2020, the Company entered into an amalgamation agreement (the "Agreement") with Askott Entertainment Inc. ("Askott") whereby the Company will amalgamate with Askott and continue as one company ("Amalco") (the "Amalgamation").

As part of the Amalgamation, Askott arranged a private placement for the Company for approximately \$400,000 ("Molystar Private Placement Funds") in aggregate at a price of \$0.25 per pre-amalgamation common share of Amalco (each an "Amalco Share") issuable upon conversion of the securities issued under the Molystar Private Placement.

Pursuant to the Amalgamation, the Company will amalgamate with Askott and the outstanding common shares of Askott will be exchanged for common shares of Amalco on the basis of one Amalco Share for each common share of Askott.

The Agreement with Askott has since expired. The Company will evaluate their options and look for new opportunities, in light of this development.

FINANCIAL AND OTHER INSTRUMENTS

As at December 31, 2019, the Company's financial instruments consisted of cash and cash equivalents, and accounts payable and accrued liabilities. The fair values of accounts payable and accrued liabilities approximate their carrying values because of the short-term nature of these instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments.

RISKS AND UNCERTAINTIES

The Company was in the mineral exploration and development business and as such was exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Going forward the Company is looking into a number of business opportunities which will have risks associated with them.

Some of the possible risks include the following:

- a) The only likely source of funds for future operations is the sale of equity capital. There is no assurance the Company will be able to raise any financing on terms acceptable to it, or at all.
- b) The Company is very reliant upon its existing management and if the services of such personnel were withdrawn for any reason, this could have a material adverse impact on the Company's operating activities.
- c) Any future equity financings by the Company for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.
- d) On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail

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the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's operations. The extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated at the date of this MD&A.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Some of the statements contained in this MD&A are forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur.

Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. The assumptions used in making the forward looking statements include:

- (i) the Company will be able to identify one or more business opportunities; and
- (ii) the Company will be able to negotiate transactions regarding such business opportunity(s) and finance the same.

Although the Company believes that the assumptions underlying its forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. As such, actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors including: changes in general economic conditions and conditions in the financial markets.

Due to such risks, readers should not place undue reliance on the Company's forward-looking statements. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities law.