CBLT INC.
(the "Company")
Management's Discussion and Analysis
For the Six Month Period Ended November 30, 2019

General

The following discussion and analysis should be read in conjunction with the Company's consolidated financial statements for the period ended November 30, 2019 (unaudited) and the year ended May 31, 2019 (audited) including all notes, risk factors and information contained therein. The following discussion and analysis provides information that management believes is relevant to the assessment and understanding of the Company's results of operations and financial condition. Certain statements herein contain forward-looking statements relating to the operations or to the environment in which we operate, which are based on our operations, forecasts, and projections.

Forward Looking Information

Certain information regarding the Company within Management's Discussion and Analysis ("MD&A") may include "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such thing as future business strategy, goals, expansion and growth of the Company's business, plans and other such matters are forward-looking statements. When used in this MD&A the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. Such statements by their nature involve certain risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared but cautions the reader that these assumptions regarding future events, many of which are beyond the control of management, may ultimately prove to be incorrect. The reader should not rely solely on these forward-looking statements.

Date

This Management's Discussion and Analysis ("MD&A") is dated January 27, 2019 and is in respect of the three months ended November 30, 2019.

Nature of Business

CBLT Inc. was incorporated under the Canada Business Corporations Act on April 28, 2008 and continued under the Ontario Business Corporations Act April 24, 2917. The Company's fiscal year end is May 31.

The Company is a public company engaged in the acquisition, directly and indirectly, sale, and exploration of mineral properties in Canada.

Overview of Activities

During the period, the Company carried out minimal exploration and evaluation expenditures on its properties.

Financing

During the period the Company issued a promissory note in the amount of $50,000.

Results of Operations

Three months ended November 30, 2019

During the three-month period ended August 31, 2019, the Company recorded net loss and comprehensive loss of $81,701 compared to net income and comprehensive income of $212,214 for the comparative period in 2018. General and administrative expenses decreased to $38,383 for 2019 compared to $67,898 for 2018 as a result of a reduction in expenditures on management fees and investor relations expenses. Filing and transfer agent fees increased by $10,000 for 2019 as a result of late filing financial statements and MD&A. The main reason for the difference between 2019 and 2018 was a gain on sale of mineral properties in the amount of $261,833 in 2018 compared to nil for 2019, gain on settlement of debt of $12,625 and unrealized gain on investments of $13,953 for 2018 with no comparable amounts for 2019 and an unrealized loss on investments of $18,365 for 2019.

Three months ended November 30, 2018

During the three-month period ended November 30, 2018, the Company recorded net loss and comprehensive loss of $70,552 compared to a net loss and comprehensive loss of $ 132,621 for the comparative period in 2017. General and administrative expenses decreased to $50,655 for 2018 compared to $114,711 for 2017 as a result of a reduction in expenditures on consulting fees and investor relations expenses.

Liquidity and Capital Resources

As at November 30, 2019, the Company had cash in the amount of $8,207 (2018 - $23,816). The Company has working capital deficit of $183,283 (November 30, 2018 – working capital $ 550,726).

The Company needs equity capital and financing for its working capital and for the costs of exploration and development of its properties. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern. These financial statements have been prepared on a going concern basis that assumes the Company will be able to continue to realize its assets and discharge its liabilities and commitments in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

The Company will continue to seek additional financing as required to fund exploration activities with respect to its mineral properties and to fund general administrative costs.

Selected Financial Information

	Three Months Ended November 30, 2019	Three Months Ended November 30, 2018	Three Months Ended November 30, 2017
Total Revenue	**-**	-	
Net Loss	**$ (49,838)**	$ (70,552)	$ (132,691)
Net Loss per Share	**$ (0.00)**	$ (0.00)	$ (0.00)
Total Assets	**$ 375,537**	$ 1,619,002	$ 1,331,671
Total Liabilities	**$ 559,360**	$ 214,821	$ 242,746

<u>Quarterly Information (unaudited)</u>

	Three Months Ended			
	November 30, 2019	**August 31, 2019**	**May 31, 2019**	**February 28, 2019**
Net Income (Loss)	$ (81,701)	$ (81,701)	$ (1,976,868)	$ (283,151)
Weighted average number of shares outstanding, basic and diluted	70,235,359	70,235,359	53,833,141	49,235,359
Net Income (Loss) per Share	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.00)
Total Assets	$ 377,327	$ 377,327	$ 419,196	$ 1,608,772
Total Liabilities	$ 510,112	$ 510,112	$ 470,280	$ 487,741

	Three Months Ended			
	November 30, 2018	**August 31, 2018**	**May 31, 2018**	**February 28, 2018**
Net Income (Loss)	$ (70,552)	$ 212,214	$ (212,790)	$ (8,723)
Weighted average number of shares outstanding, basic and diluted	49,235,359	46,368,435	48,426,043	48,792,813
Net Income (Loss) per Share	$ 0.00	$ (0.00)	$ (0.00)	$ (0.00)
Total Assets	$ 1,619,002	$ 1,695,495	$ 1,523,851	$ 1,294,221
Total Liabilities	$ 214,821	$ 220,762	$ 262,925	$ 280,909

Mineral Property Interests

Ontario and Quebec Properties

Geneva Lake

On November 12, 2012, the Company acquired a 100% interest in the Geneva Lake property. As consideration, the Company issued 200,000 common shares at a deemed price of $0.10 per common share and 200,000 share purchase warrants exercisable at $0.20 per common share in favour of the vendor.

The property is subject to a 2.0% net smelter return royalty of which the Company can purchase a 50% interest at any time for $500,000.

A Phase 1 diamond drilling program was completed during the 2013 fiscal year to make an initial assessment of the claims, and in particular, of volcanogenic massive sulphide-style, base metal mineralization remaining underground in proximity to the historic underground workings, and to help locate such workings relative to surface. Results were reported on February 4, 2013 and showed low grade, but anomalous, base metal mineralization over widths between 2.00 and 9.00 m.

During the year ended May 31, 2014 geological, geophysical, preparatory surveys and prospecting was carried out on the property.

During the year ended May 31, 2015 and thereafter limited exploration and evaluation work was carried out on the property.

During the period ended August 31, 2018 and August 31, 2019 no exploration and evaluation work was carried out on the property.

During the year ended May 31, 2019, management determined there were indicators of impairment on the property, and accordingly, recorded an impairment charge of $341,360.

During Q2 of fiscal 2020 the Company carried out no exploration and evaluation activities on the property.

Copper Prince

On June 14, 2016, the Company acquired a 100% interest in the Copper Prince property. As consideration the Company made a cash payment of $10,000 and issued 200,000 common shares at $0.08 per common share in favour of the vendor. The property consists of eleven patented claims located near Sudbury, Ontario.

The property is subject to a 2% net smelter return royalty.

On August 4, 2016 the Company staked 4 mineral claims for a cash cost of $4,400. The claims are near but not adjacent to the Copper Prince property.

During the period ending August 31, 2019 the Company carried out no exploration and evaluation activities on the Copper Prince property.

During the year ended May 31, 2019, management determined there were indicators of impairment on the property, and accordingly, recorded an impairment charge of $212,929.

During Q2 of fiscal 2020 the Company carried out no exploration and evaluation activities on the property.

Chilton Cobalt

On February 27, 2017, the Company acquired a 100% interest in the Chilton Cobalt property located in the Laurentian Region of Quebec. As consideration the Company issued 150,000 common shares at $0.07 per common share and 150,000 share purchase warrants exercisable at $0.10 per common share in favour of the vendor. The property consists of 9 mineral claims covering 497 hectares and is located in the Laurentian region of Quebec.

During the period ending August 31, 2019 the Company carried out no exploration and evaluation activities on the property.
During the year ended May 31, 2019, management determined there were indicators of impairment on the property, and accordingly, recorded an impairment charge of $140,719.

During Q2 of fiscal 2020 the Company carried out no exploration and evaluation activities on the property.

Gowganda Cobalt

On May 12, 2017, the Company acquired a 100% interest in the Gowganda Cobalt property located near Gowganda, Ontario. As consideration the Company made a cash payment of $67,650 and issued 562,500 common shares at $0.08 per common share and issued 562,500 share purchase warrants exercisable at $0.10 in favour of the vendor. The property consists of 15 mineral claims and is located near Gowganda, Ontario.

The property is subject to a 2% net smelter return royalty of which the Company can purchase a 50% interest at any time for $1,000,000.

During the period ending August 31, 2017 the Company carried out exploration and evaluation activities totalling $13,738.

During fiscal 2018 the Company sold and/or optioned certain mineral claims comprising the Gowganda Cobalt property, and retained the Calcite and United Reef properties.

During Q2 of fiscal 2020 the Company carried out no exploration and evaluation activities on the property.

MacTrack

On February 2, 2018, the Company acquired a 100% interest in the MacTrack property located in Northern Ontario.

As consideration the Company made a cash payment of $10,000 and issued 211,500 common shares valued at $16,920, including 24,000 finders fee shares, at $0.08.

During the year ended May 31, 2019, the Company sold the property along with the Dickson property and realized a gain on sale in aggregate of $247,248.

Dickson

On April 6, 2018, the Company acquired a 100% interest in the Dickson property located in Northern Ontario.

As consideration the Company made a cash payment of $20,000.

During the year ended May 31, 2019, the Company sold the property along with the MacTrack property and realized a gain on sale in aggregate of $247,248.

Northshore

On March 12, 2019, the Company acquired a 56% interest in the Northshore property along with a 100% interest in the Big Duck Lake property, a 100% interest in the Auden property and a 100% interest in the Burnt Pond property by issuing 21,000,000 common shares at $0.025 and 21,000,000 share purchase warrants exercisable at $0.08. The share purchase warrants were assigned a fair value of $288,629 using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%; volatility of 154%; risk-free interest rate of 1.57%; and an expected maturity of two years. The purchase price was allocated among the four properties on the basis of management's judgement as follows: Northshore-$522,112, Big Duck Lake-$194,345, Auden-$58,304, and Burnt Pond-$38,869.

The Northshore property, located in Northern Ontario, is co-owned pursuant to a joint venture agreement with Balmoral Resources Ltd. Under the terms of the joint venture agreement, the Company is the operator under the joint venture agreement.

During the year ended May 31, 2019, management determined there were indicators of impairment on the property, and accordingly, recorded an impairment charge of $522112.

During Q2 of fiscal 2020 the Company carried out no exploration and evaluation activities on the property.

Big Duck Lake

On March 12, 2019, the Company acquired a 56% interest in the Northshore property along with a 100% interest in the Big Duck Lake property, a 100% interest in the Auden property and a 100% interest in the Burnt Pond property by issuing 21,000,000 common shares at $0.025 and 21,000,000 share purchase warrants exercisable at $0.08. The share purchase warrants were assigned a fair value of $288,629 using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%; volatility of 154%; risk-free interest rate of 1.57%; and an expected maturity of two years. The purchase price was allocated among the four properties on the basis of management's judgement as follows: Northshore-$522,112, Big Duck Lake-$194,345, Auden-$58,304, and Burnt Pond-$38,869.

The Big Duck Lake property, located in Northern Ontario, is subject to a 2% net smelter return royalty in favour of previous owners of the claims. The Company may purchase one-half of the royalty for an aggregate amount of $1,000,000 at any time.

During the year ended May 31, 2019, management determined there were indicators of impairment on the property, and accordingly, recorded an impairment charge of $194,375.

During Q2 of fiscal 2020 the Company carried out no exploration and evaluation activities on the property.

Auden

On March 12, 2019, the Company acquired a 56% interest in the Northshore property along with a 100% interest in the Big Duck Lake property, a 100% interest in the Auden property and a 100% interest in the Burnt Pond property by issuing 21,000,000 common shares at $0.025 and

21,000,000 share purchase warrants exercisable at $0.08. The share purchase warrants were assigned a fair value of $288,629 using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%; volatility of 154%; risk-free interest rate of 1.57%; and an expected maturity of two years. The purchase price was allocated among the four properties on the basis of management's judgement as follows: Northshore-$522,112, Big Duck Lake-$194,345, Auden-$58,304, and Burnt Pond-$38,869.

The Auden property, located in Northern Ontario, is subject to a 3% net smelter return and a 10% gross overriding in royalty in favour of previous owners of the claims. The Company may purchase one-half of each royalty for an aggregate amount of $2,000,000 at any time.

During the year ended May 31, 2019, management determined there were indicators of impairment on the property, and accordingly, recorded an impairment charge of $58,304.

During Q2 of fiscal 2020 the Company carried out no exploration and evaluation activities on the property.

Burnt Pond

On March 12, 2019, the Company acquired a 56% interest in the Northshore property along with a 100% interest in the Big Duck Lake property, a 100% interest in the Auden property and a 100% interest in the Burnt Pond property by issuing 21,000,000 common shares at $0.025 and 21,000,000 share purchase warrants exercisable at $0.08. The share purchase warrants were assigned a fair value of $288,629 using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%; volatility of 154%; risk-free interest rate of 1.57%; and an expected maturity of two years. The purchase price was allocated among the four properties on the basis of management's judgement as follows: Northshore-$522,112, Big Duck Lake-$194,345, Auden-$58,304, and Burnt Pond-$38,869.

The Burnt Pond Zinc-Copper Property in central Newfoundland is located in the Tally Pond volcanic belt which hosts Teck Resources Ltd's Duck Pond Mine and a number of other Copper-Zinc-Silver-Gold massive sulphide deposits.

During the year ended May 31, 2019, management determined there were indicators of impairment on the property, and accordingly, recorded an impairment charge of $38,869.

During Q2 of fiscal 2020 the Company carried out no exploration and evaluation activities on the property.

<u>British Columbia Properties</u>

Ryliejack

On January 31, 2012, the Company acquired a 100% interest in the Peggy, Ryliejack and SK West property. Pursuant to the purchase agreement, the Company made a cash payment of $7,500 and issued 500,000 common shares and 100,000 share purchase warrants of the Company in favour of the vendor.

The property is subject to a 2.5% net smelter return royalty of which the Company can purchase a 50% interest at any time for $1,000,000.

During the 2013 fiscal year impairment in the amount of $11,070 was recorded with respect to two mining tenures

During the 2014 fiscal year limited geological, preparatory surveys and prospecting was carried out on the properties and impairment in the amount of $40,810 was recorded with respect to three mining tenures.

During the 2015 fiscal year impairment in the amount of $57,937 was recorded with respect to five mining tenures. The remaining property is the Ryliejack property.

During the year ended May 31, 2019, management determined there were indicators of impairment on the property, and accordingly, recorded an impairment charge of $141,578.

During Q2 of fiscal 2020 the Company carried out no exploration and evaluation activities on the property.

Mikayla

On March 2, 2012, the Company acquired a 100% interest in the Mikayla, Tat and Chess properties. Pursuant to the purchase agreement, the Company made a cash payment in the amount of $9,294 and issued 150,000 common shares at a deemed price of $0.20 per common share.

The properties are subject to a 2.5% net smelter return royalty of which the Company can purchase a 50% interest at any time for $1,000,000.

During the 2013 fiscal year the Company determined that it would not renew the tenures comprising the Tat and Chess properties when they became due for renewal subsequent to the year end and consequently wrote down the carrying value of the properties. Consequently impairment in the amount of $34,365 was recognized for these tenures resulting in the Tat and Chess properties being written down to nil.

During the year ended May 31, 2019, the Company carried out $28,162 of exploration and evaluation activities on the Mikayla property.

During the year ended May 31, 2019, management determined there were indicators of impairment on the property, and accordingly, recorded an impairment charge of $141,578.

During Q2 of fiscal 2020 the Company carried out no exploration and evaluation activities on the property.

Qualified Person and QA/QC

Jessica Daniel M.Sc., P.Geo, a qualified person as defined by NI 43-101, has reviewed the scientific and technical information that forms the basis for the disclosure regarding the Company's properties in this MD&A and has approved the disclosure herein. Ms. Daniel is not independent of the Company, as he is a director and holds incentive stock options.

Investments

The investment in Ionic Brands Corp., Global Health Clinics Ltd., and Speakeasy Cannabis Club Ltd. represent 133, 960, and 4,000 common shares respectively.

The common shares of Ionic Brands Corp., Speakeasy Cannabis Club Ltd. and Global Health Clinics Ltd. are listed on the Canadian Securities Exchange. The fair value of the shares has been adjusted to reflect market value resulting in an unrealized loss of $756 (2018- $7,944).

The investment in Winmar Resources Limited consists of 16,666,667 common shares. The fair value of the shares reflect the closing market price at June 4, 2018 the date the shares were halt traded from the Australian Stock Exchange, resulting in an unrealized gain of $1,680 (2018-gain of $29,477). The Company has performed an analysis of the activities including financings since June 4, 2018 and has determined there are no indicators that this value has changed significantly prior to the end of the reporting period.

A 10% change in the fair value of the investment in Winmar Investments Limited would result in a corresponding +/- $35,925 (November 30, 2018 +/- $38,848) change to the fair value of the investments. The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments.

Provision for Indemnification of Flow-Through Subscribers

As at December 31, 2017, the Company was committed to incur $ 471,000 in qualifying Canadian exploration expenditures prior to January 1, 2019, pursuant to two 2017 private placements for which flow-through share proceeds had been received by the Company and then renounced to Ontario and Quebec subscribers effective December 31, 2017.

The Company incurred actual qualifying expenditures of $13,276 in 2017 and $126,549 in 2018, leaving a shortfall of $331,175 as at December 31, 2018. Accordingly, effective December 31, 2018 the Company recorded (in other expenses and current liabilities) a $240,000 provision for the estimated cost to indemnify flow-through share subscribers for their expected personal income tax reassessments by Canada Revenue Agency and Revenu Quebec, attributable to each subscriber's proportionate share of the shortfall. The indemnifications are provided for in the underlying subscription agreements for the private placements. The governmental audit/reassessment process may be lengthy; therefore, it may be several months or longer before the Company's final liability is exigible.

The Company has made the following assumptions in estimating the subscriber indemnification provision:

- Ontario subscribers have a combined personal income tax rate of 46.16% and are eligible for both the federal 15% and the provincial 5% investment tax credits;
- Quebec subscribers have a combined personal income tax rate of 58.75% and are eligible for the federal 15% investment tax credit and the 120% CEE "super-allowance";
- Of the $331,175 shortfall, $160,303 applies to Ontario subscribers and $170,872 applies to Quebec subscribers; and
- Subscribers will be assessed two year's interest on reassessed amounts.

As at May 31, 2019 and November 30, 2019, the Company has also accrued in accounts payable and accrued liabilities, the estimated Federal Part XII.6 tax and similar Quebec tax for the 2018 and prior years.

As at December 31, 2018, the Company had a $66,235 flow-through share premium liability which was transferred to the deferred tax provision effective December 31, 2018, in recognition of the Company's indemnification accrual.

Promissory Note

During the three months ended November 30, 2019, the Company issued an unsecured promissory note bearing interest at 10% per annum and maturing October 22, 2020.

Outstanding Share Data

As at the date of this MD&A, the Company has 70,235,359 common shares issued and outstanding as well as: (a) stock options to purchase an aggregate of 2,874,000 common shares expiring at various date between October 2021 and June 2022 and exercisable at prices between $0.05 and $0.11 per common share and, (b) share purchase warrants to purchase an aggregate of 21,000,000 common shares expiring March 2021 and exercisable at $0.08 per common share. For additional details of share data, please refer to Notes 7, 8 and 9 of the November 30, 2019 condensed interim consolidated financial statements.

Capital Management

The Company's objectives when managing capital are as follows:

- i) To safeguard the Company's ability to continue as a going concern;
- ii) To raise sufficient capital to finance its exploration and development activities on its mineral exploration properties;
- iii) To raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it based on the general economic conditions, its short-term working capital requirements, and its planned exploration and development program expenditure requirements. The capital structure of the Company is comprised of working capital and shareholders' equity. The Company may manage its capital by issuing flow through or common shares, or by obtaining additional financing.

The Company utilizes capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets underlying assumptions as necessary.

There were no changes in the Company's approach to managing capital during the period.

Contractual Obligations and Off-Balance Sheet Arrangements

The Company is not party to any industry contracts or arrangements. There are no off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of the unaudited condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of exploration and evaluation expenditures incurred on the Company's property interests;
- the inputs used in accounting for share based payment transactions included in financial assets at fair value through profit or loss; and
- the inputs used in accounting for investments included in available-for-sale financial assets.

Accounting Policies including Initial Adoption

Effective June 1, 2019, the Company has adopted IFRS 16 Leases, which was issued in January 2016 and sets out a new model for lease accounting, replacing IAS 17 – Leases. This is the first set of the Company's consolidated financial statements where IFRS 16 has been applied and there has been no material effect on the interim consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's interim consolidated 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, foreign currency risk and commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(i) Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents are held with a Canadian Schedule A bank, from which management believes the risk of loss to be minimal.

Management believes that the credit risk with respect to financial instruments included in amounts receivable is 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. As at November 30, 2019, the Company had cash of $8,207 (2018 - $23,816) to settle current liabilities of $559,360 (2018 - $214,821). 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.

(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 commodity and equity prices.

(a) Interest rate risk

Cash and cash equivalents are subject to floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would not have a material impact on the reported net income (loss) and comprehensive income (loss) for the three months ended November 30, 2019.

(b) Foreign currency risk

Foreign currency risk is the risk that future cash flows will fluctuate as a result of changes in foreign currency rates. The Company has investments that are denominated in Australian dollars. As a result, the Company is exposed to foreign currency risk with respect to its investments denominated in Australian dollars.

(c) Commodity and equity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to precious and base metals and other minerals, and the stock market to determine the appropriate course of action to be taken by the Company.

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depend upon the world market price of precious and base metals and other minerals. Precious and base metals and other mineral prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of precious and base metals and other minerals are produced in the future, a profitable market will exist for them. As of November 30, 2019, the Company was not a precious mineral, base metals and other minerals producer. Even so, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Transactions with Related Parties

During the three months ended November 30, 2019, the Company entered into the following transactions with related parties and paid or accrued the following amounts, excluding share-based payment charges in connection therewith:

Name	Relationship	Purpose of Transaction	Three Months Ended
Maplegrow Capital Inc.	Company controlled by the CEO of the Company	Consulting	$ 16,500
Brant Capital Partners Inc.	Company controlled by the		

	CFO of the Company	Consulting	$ 16,500
Brant Capital Partners Inc.	Company controlled by the CFO of the Company	Rent, office supplies, telephone, administrative expenses	$ 3,000

Risks and Uncertainties

Liquidity and Additional Financing

The Company has limited financial resources and no current revenues. There can be no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could cause the Resulting Issuer to reduce or terminate its operations.

Regulatory Requirements

Even if the Company's properties are proven to host economic reserves of gold or other precious or non-precious metals, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits. Exploration and mining activities may be affected in varying degrees by government policies and regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

Nature of Mineral Exploration and Mining

At the present time, the Company does not hold any interest in a mining property in production. The Company's viability and potential success lie in its ability to discover, develop, exploit and generate revenue out of mineral deposits. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. The profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, if any, which may be affected by a number of factors beyond the Company's control. Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of diamond, precious and non-precious metals, any of which could result in work stoppages, damage to the property, and possible environmental damage. Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fires, power outages, labor disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable adequate machinery, equipment or labor are involved in mineral exploration, development and operation. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the financial position of the Company.

The Company will continue to rely upon consultants and others for exploration and development expertise. Substantial expenditures are required to determine if mineralization reserves exist through drilling, to develop processes to extract the precious and non-precious metals from the mineralization and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis or at all. The economics of developing mineral properties are affected by many factors including the cost of operations, variations in the grade of mineralization mined, fluctuations in markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The remoteness and restrictions on access to any properties in which the Company has or may have an interest may have an adverse effect on profitability in that infrastructure costs will be higher.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and cause insolvency and/or a decline in the value of the securities of the Company.

No Assurance of Title to Properties

The acquisition of title to mineral projects is a very detailed and time consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Company where possible, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interest of the Company in any of its properties may not be challenged or impugned.

Permits and Licenses

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

Competition

The mineral exploitation industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees. In addition, there is no assurance that even if commercial quantities of minerals are discovered, a ready market will exist for their sale. Factors beyond the control of the Company may affect the marketability of any minerals discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact 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 or losing its invested capital.

Environmental Regulations

The Company's operations 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 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 which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important requirements, which affect capital and operating costs. Unusual or infrequent weather, phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations.

Fluctuating Prices

Factors beyond the control of the Company may affect the marketability of any copper, nickel, gold, platinum or any other minerals discovered. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, consumption patterns, speculative activities and increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of gold, base and precious metals and therefore the economic viability of any of the Company's projects cannot be accurately predicted.

Reliance on Key Personnel

The Company is dependent on a relatively small number of key people, the loss of any of whom could have an adverse effect on its operations. The Company does not carry any key man insurance.

Subsequent Event

On December 2, 2019, the Company Inc. issued a promissory note and received cash of $10,000.

Additional information relating to the Company and its operations is available on SEDAR at www.sedar.com.