MinKap Resources Inc.

Management Discussion and Analysis
For the year ended
May 31, 2020

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Management Discussion & Analysis
Year Ended May 31, 2020

Overview:

This Management Discussion and Analysis of the financial condition and results of operations ("MD&A") of MinKap Resources Inc. (the "Company" or "MinKap") has been prepared based upon information available to the Company as at September 15, 2020 and should be read in conjunction with the audited financial statements and notes thereto as at and for year ended May 31, 2020 and 2019 (the "current statements") and the audited financial statements and the notes thereto as at and for the year ended May 31, 2019. All financial data in this MD&A is reported in Canadian dollars and has been prepared in accordance with International Financial Reporting Standards ("IFRS").

Caution Regarding Forward-Looking Information:

Certain information contained in this MD&A may constitute forward-looking information, which is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future economic condition and courses of action and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "feel", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, without limitation, our expectations regarding anticipated exploration activities and results and financing activities and other factors on our operating results, and the performance of global capital markets, commodity prices and interest rates.

Forward-looking information involves known and unknown risk, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to exploration results, market fluctuations, commodity price fluctuations and the strength of the Canadian, U.S. and other economies.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The Corporation undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Nature of the Business:

MinKap Resources Inc. is a corporation under the laws of British Columbia whose common shares are listed on the TSX Venture Exchange ("TSXV") under the trading symbol "KAP". It is a "reporting" company in the provinces of British Columbia, Alberta and Ontario. KAP is a mineral exploration company that is actively engaged in exploring for precious and base metals in Canada.

Overall Performance:

The economic climate for early stage natural resource companies remained soft in 2020, making it difficult for companies to secure the financing required to advance projects through additional exploration work. The Company believes that this market condition will remain in the short-term. As commodity prices begin to move upward, either due to basic supply demand metrics or due to outside economic forces, normalcy will begin to return to the junior markets, allowing for companies to expand on exploration programs.

KAP acquired a portfolio of projects in the province of Newfoundland and Labrador. The new focus has provided the Company and its shareholders exposure to the battery technology metals sector as the properties have the potential to host either cobalt or vanadium as a by-product of the primary metals.

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Recent Developments:

COVID-19
The Corporation wishes to highlight that it continues to face risks related to COVID-19, which could continue to significantly disrupt its operations and may materially and adversely affect its business and financial conditions.

In December 2019, a novel strain of the coronavirus emerged in China and the virus has now spread to several other countries, including Canada and the U.S., and infections have been reported globally resulting in a global pandemic. The extent to which COVID-19 will continue to impact the Corporation's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. In particular, the continued spread of COVID- 19 globally could materially and adversely impact the Corporation's business including without limitation, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to drill programs and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Corporation's control, which may have a material and adverse effect on its business, financial condition and results of operations.

In addition, a significant outbreak of COVID-19 could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the demand for precious metals and the Corporation's future prospects.

Recent financings:
During the year ended May 31, 2020, the Company closed a non-brokered financing of 7,000,000 units of the Company at a price of $0.05 per unit for gross proceeds of $350,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant will be exercisable into one common share at $0.10 for a period of 24 months from the closing of the financing.

On October 25, 2018, the Company closed a total of 666,667 units at a price of $0.12 per unit for aggregate gross proceeds of $80,000. Each unit consists of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one share at $0.30 for 24 months from the date of issuance.

Selected Financial Information:

The following shows the Corporation's operating results for the year ended May 31, 2020 and the two most recently completed fiscal years. The subsequent table represents selected quarterly results for the eight most recently completed quarters.

Results of Operations	**May 31, 2020**	**May 31, 2019**	**May 31, 2018**
Net income (loss)	(237,471)	(526,618)	(823,042)
Income (loss) per share, basic and diluted	(0.02)	(0.05)	(0.09)
Total assets	231,462	66,316	430,350
Total liabilities	202,131	136,514	71,267
Shareholders' equity (deficiency)	29,331	(70,198)	359,083

Quarterly results of operations $ (unaudited)

	Three Months Ended			
	May 31, 2020	**February 29, 2020**	**November 30, 2019**	**August 31, 2019**
	$	$	$	$
(Loss) for the period	(122,472)	(1,269)	(70,774)	(42,956)
Basic and diluted income (loss) per share	(0.01)	(0.00)	(0.00)	(0.00)
	May 31, 2019	**February. 28, 2019**	**November. 30, 2018**	**August 31, 2018**
	$	$	$	$
Income (loss) for the period	(427,662)	(33,453)	(38,063)	(27,440)
Basic and diluted income (loss) per share	(0.05)	(0.00)	(0.00)	(0.00)

Three Months Ended May 31, 2020 and May 31, 2019

The Company had a net loss of $122,472 or $0.01 per share for the three months ended May 31, 2020 compared to $427,662 or $0.05 per share for the three months ended May 31, 2019. The loss for the three month period ended May 31, 2020 decreased as compared to the same period in 2019, primarily due to a write off of mineral properties in the amount of $321,687 during the fourth quarter of the peior year.

Variances in the remaining expenditures are as follows:

Consulting fees were $27,000 for the three months ended May 31, 2020 compared to $21,625 for the three months ended May 31, 2019. The amounts increased in the current period due to a renegotiation of a management contract.

Investor relations expense for the three months ended May 31, 2020 was $4,521 compared to $7,377 for the three months ended May 31, 2019. The fees are higher than the same period in 2019 due to greater investor relations costs; these costs are largely based on the timing of financing activities and when additional consultants are required.

Transfer agent and filing fees for the three months ended May 31, 2020 was $1,556 for stock exchange fees, transfer agent fees and the electronic filing of disclosure documents on SEDAR compared to $15,704 for the three months ended May 31, 2019. The costs were higher in the prior year period due to the cost of filing disclosure documents with regards to the proposed acquisition of properties in BC which did not close.

Year Ended May 31, 2020 and 2019

The Company had a net loss of $237,471 or $0.02 per share for the year ended May 31, 2020 compared to a net loss of $526,618 or $0.05 per share for the year ended May 31, 2019. The loss for the year ended May 31, 2020 decreased as compared to the same period in 2019, primarily due to a write off of mineral properties in the amount of $321,687 in the fourth quarter of the prior fiscal year as compared to a write off of $nil during the current year.

Variances in the remaining expenditures are as follow:

Consulting fees were $106,725 for the year ended May 31, 2020 compared to $83,850 for the year ended May 31, 2019. The increase in consulting fees is due to an increase in the rate charged by a consultant of the Company.

Investor relations for the year ended May 31, 2020 was $9,709 compared to $16,370 for the year ended May 31, 2019. The fees are lower than the same period in 2019 due to lower investor relations costs; these costs are largely based on the timing of financing activities and when additional consultants are required. The Company is continuing its efforts in raising the capital needed to further advance the properties.

Transfer agent and filing fees for the year ended May 31, 2020 was $20,277 for stock exchange fees, transfer agent fees and the electronic filing of disclosure documents on SEDAR compared to $29,670 for the year ended May 31, 2019. The costs were higher in the prior year period due to the cost of filing disclosure documents with regards to the proposed acquisition of properties in BC which did not close.

Additional Information for Venture Issuer's Without Significant Revenue

For the year ended,		May 31, 2020		May 31, 2019
General and administration:				
Consulting[1]	$	106,725	$	83,850
Investor relations		9,709		16,370
Office and miscellaneous		3,176		5,000
Professional fees[2]		32,584		35,466
Transfer agent and filing fees[3]		20,277		29,670
	$	172,471	$	170,356

Notes:

1. Consulting expenses increased by $22,875 from the comparative period. The increase is due to an increase in consulting and professional fees as the Company pursues various corporate transactions, more fully described under the subsequent events section.
2. Professional fees decreased by $2,882 from the comparative period. Professional remained relatively consistent between the two years.
3. Transfer agent and filing fees decreased from the comparative period by $9,393. These expenses fluctuate with the number of public filings completed. The amount decreased consistent with decrease in activity during the current period.

Exploration properties:

LADY POND, KINGS COURT, ALEXIS, HAYES, CAPE CHARLES, INDIAN HEAD, IRON MOUNTAIN, ROSS LAKE, NEWFOUNDLAND AND LABRADOR

On April 3, 2017, the Company entered into a Mineral Property Acquisition Agreement to acquire a 100% interest in eight separate properties located in the province of Newfoundland and Labrador. As consideration for the properties, the Company was required to issue 1,250,000 common shares (issued at a fair value of $375,000), and make a cash payment of $5,000 (paid). The vendors shall retain a 3.0% net smelter return royalty ("NSR") interest, or where applicable, a 3.0% net profit return royalty ("NPR"). The Company retains the option to buy back 2.0% of the NSR (or NPR) for $1,000,000.

The properties are termed the: Lady Pond (Cu, Co, Au, Ag) project, Kings Court (Cu, Co) project, Alexis (Co) project, Cape Charles (Co) project, Hayes (V) project, Indian Head (V) project, Iron Mountain (V) project, and the Ross Lake (V) project.

Management exercised judgment in allocating the total consideration of $380,000 to the eight properties based on the number of claims acquired for each property.

In addition to the claims acquired under the Mineral Property Acquisition Agreement, the Company acquired through staking a 100% interest in 15 claims that form part of the Lady Pond Project.

As at May 31, 2019, the Company wrote down all costs associated with the properties in the amount of $225,470.

DANIELS HARBOUR PROPERTY, NEWFOUNDLAND

On May 10, 2017, the Company signed a non-binding Letter of Intent to purchase a 100% undivided interest in 42 claims comprising the Daniels Harbour Property located on the Great Northern Peninsula of Newfoundland. Under the proposed terms, the Company can acquire the property for staged cash payments totaling $60,000 ($25,000 paid), issuing 291,667 common shares (291,667 shares issued) to the vendor, and carrying out $100,000 in exploration by the second anniversary of TSX-V acceptance of the agreement. The Vendor shall retain a 3% net smelter royalty ("NSR") interest. The Company retains the option to buy back 2% of the NSR for $2,000,000. In the event the Company delineates a NI 43-101 compliant resource of 5,000,000 tonnes of ore grade zinc (Grade of at least 7% Zn), the vendor will receive a one- time bonus payment equating to $50,000 payable in cash or shares at the election of the Company on the day of which said report is filed on SEDAR.

The vendor shall retain a 3.0% NSR interest, 2.0% of which can be purchased by the Company for $2,000,000.

On September 10, 2017, the Company entered into an agreement to acquire the Daniels Harbour Property according to the terms of the Letter of Intent.

On September 14, 2017, the Company executed and finalized the formal option agreement to earn a 100% interest in the Daniels Harbour Zinc Property located on the Great Northern Peninsula of Newfoundland, approximately 10 km's north east of the community of Daniels Harbour.

On February 8, 2018, the Company executed the asset purchase agreement for a 100% interest in the DH Unity Claims consisting of 30 claims (750 hectares) in the Daniels Harbour area, situated nearby the Company's Daniels Harbour Zinc Property. The Company can purchase a 100% interest in the DH Unity Claims Property for total consideration of 50,000 shares (issued), and a $1,950 (paid) one time cash payment.

On February 14, 2019, the Company and Ubique Minerals Limited ("Ubique") executed the option agreement which provides for MinKap granting Ubique an option to earn a 55% or greater interest in MinKap's Daniel's Harbour Zinc property in western Newfoundland. The property comprises 42 claim units covering an aggregate area of 1,326 hectares, adjoining Ubique's Daniel's Harbour property to its west and making for a contiguous property area of more than 4,000 hectares.

The option agreement requires Ubique to exercise the option by making work and payment commitments as follows:

- On the date of signing of the definitive agreement, $10,000 cash (received) and 500,000 shares of Ubique (received);
- Prior to March 9, 2019, a minimum work expenditure of $12,000 (met) and file an assessment report;
- Prior to September 15, 2019, a minimum work expenditure of $100,000 (met) inclusive of the $12,000 above;
- Prior to the 1 year anniversary from the definitive agreement date, $10,000 in cash (received) and an additional 500,000 common shares of Ubique (received);
- Prior to February 28, 2020, make a minimum additional work expenditure of $200,000 (met);
- Prior to the 2 year anniversary from the definitive agreement date issue an additional 200,000 common shares of Ubique;
- Prior to February 28, 2021, a minimum additional work expenditure of $300,000, of which expenditures will include any payments and commitments needed to be made to the underlying vendors of the optioned property;
- Upon Ubique having made the above expenditures and payments; Ubique will have earned a 55% interest in the property. Ubique will be granted the option to earn an additional 15% interest in the property by spending an additional $400,000 on exploration and paying the underlying vendors a cash payment of $40,000 as required by the underlying agreement with the vendors.

Upon Ubique earning either a 55% or 70% interest in the property, the companies will form a joint venture to continue exploration, or MinKap may elect to grant Ubique the right to earn an additional 5% interest in the property for every additional work expenditure of $100,000 to a limit of 95% ownership by Ubique, at which time the agreement provides for MinKap's interest to be converted to a 2% Net Smelter Royalty ("NSR"). Ubique will then have the right to buy back 1.75% of the NSR for $2,000,000. The underlying vendors are entitled to a NSR of 3% of which 2% may be repurchased for $2,000,000. In addition, the underlying vendors are entitled to a bonus payment in the event that the Operator delineates a NI 43-101 compliant resource of a minimum of 5,000,000 tonnes of ore with a grade of at least 7% zinc.

STERLING PROPERTY, NEWFOUNDLAND

On August 21, 2017, the Company entered into an agreement to acquire a 100% undivided interest in 28 claims comprising the Sterling Property located in Newfoundland. Under the terms of the agreement, the Company can acquire the property for staged cash payments totaling $25,000 ($5,000 paid), issuing 300,000 common shares (200,000 shares issued) to the vendor, and carrying out $250,000 in exploration by the fourth anniversary of TSX-V acceptance of the agreement.

The vendor shall retain a 3.0% NSR interest, 2.0% of which can be purchased by the Company for $2,000,000.

As at May 31, 2019, the Company wrote off all costs associated with the Sterling project in the amount of $96,217.

BRECCIA PROPERTY, IDAHO

On February 3, 2020, the Company entered into a letter of intent to acquire a 100% undivided interest in 80 claims comprising the Breccia Property located in Idaho, USA. Under the terms of the letter of intent, the Company made an initial, non-refundable cash advance totaling $50,000 (paid) to the vendor. As required by the letter of intent, the definitive agreement was not reached by March 31, 2020 and therefore, the letter of intent was terminated and the Company wrote-off the $50,000 cash advance. Subsequent to the year ended, a new letter of intent and definitive agreement have been signed.

Risks and Uncertainties

The following discussion outlines a number of risks that management believes could impact the Company's business.

Financial Risk

Additional funds may be required in the future to finance exploration and development work. The Company has access to funds through the issuance of additional equity and borrowing. There can be no assurance that such funding will be available to the Company under current economic conditions. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favourable to the Company or that it will provide the Company with sufficient funds to meet its objectives, which could adversely affect the Company's business and financial condition.

Title to Properties

Although the Company has taken reasonable measures to ensure proper title to its properties, there is no guarantee that titles to any of its properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company interests.

Industry Conditions

Mineral resource exploration and development involves a high degree of risk that even a combination of careful assessment, experience and know-how cannot eliminate. While the discovery of a deposit may prove extremely lucrative, few properties that undergo prospecting ever generate a producing mine. Substantial amounts may be required to establish ore reserves, develop metallurgical processes and build mining and processing facilities at a given site. There can be no assurance that the exploration and development programs planned by the Company will result in a profitable mining operation. The economic viability of a mineral deposit depends on a number of factors, some of which relate to the particular characteristics of the deposit, particularly its size, grade and proximity to infrastructure, as well as the cyclical nature of metal prices and government regulations, including those regarding prices, royalties, production limits, importation and exportation of minerals, and environmental protection. The impact of such factors cannot be precisely assessed but may prevent the Company from providing an adequate return on investment.

Government Regulation

The Company's activities must comply with the applicable legislation on exploration and development, environmental protection, obtaining of permits, and authorization of mining operations in general. The Company believes that it is in compliance in all material respects with such laws. Changing government regulations could have an adverse impact on the Company's operations.

COVID-19 Pandemic

The COVID-19 pandemic has caused significant and negative impact to the global financial market. The Company continues to monitor and assess the impact on its business activities. The potential impact is uncertain, and it is difficult to reliably measure the extent of the effect of the COVID-19 pandemic on future financial results.

Liquidity and Capital Resources:

The Company has a history of operating losses and negative cash flows from operations. While management identifies projects of merit for acquisition, the Company will remain reliant on capital markets for future funding to meet its ongoing obligations**.**

Additional funding will be required for future exploration of the new acquisitions, and for general working capital.

Off Balance-Sheet Arrangements:

The Company has no off-balance sheet arrangements at the time of this Management Discussion and Analysis.

Related Party Transactions:

During the year ended May 31, 2020, the Company entered into transactions with related parties comprised of directors, officers and companies with common directors as follows:

Related party	**Nature of transactions**
Jonathan Armes, President & CEO	Consulting fees
Marco Guidi, CFO	Consulting fees

Included for the year ended May 31, 2020 and 2019 are the following items paid or accrued to key management personnel and/or companies with common directors. The Company has identified its directors and certain senior officers as its key management personnel. Exchange amounts are the amounts agreed upon by the transacting parties.

		2020		2019
Consulting	$	98,000	$	81,500
Totals	$	98,000	$	81,500

As at May 31, 2020, included in accounts payable and accrued liabilities is $104,000 (May 31, 2019 - $57,000) payable to directors and officers.

EVENTS AFTER THE REPORTING PERIOD

On September 14, 2020, the Company received final approval from the TSX Venture Exchange in respect of the proposed acquisition from Canarc Resource Corp. (“Canarc) of the Breccia Gold property (the “Breccia Gold Property”) and the contiguous Lightning Tree property (the “Lightning Tree Property” and together with the Breccia Gold Property, the “Properties”), both of which are located in Lemhi County, Idaho, USA (the “Transaction”).

Lightning Tree Property Agreement with Canarc

Under the terms of the definitive agreement, the Company has an option to acquire a 100% undivided interest in the Lightning Tree Property from Canarc by completing the following:

- Issuing an aggregate of 2,500,000 common shares and 2,500,000 common share purchase warrants over a 2 year period to Canarc as follows:
    - 1,250,000 common shares and 1,250,000 warrants exercisable at $0.095 for a period of 3 years, within 5 days of approval date
    - 1,250,000 common shares and 1,250,000 warrants exercisable at a 20 day volume weighted average price for a period of 3 years, within 12 months of approval date
- Total cash consideration of $137,500 payable as follows:
    - $12,500 due on the Approval Date (not paid);
    - $25,000 due on the first anniversary from the Approval Date;
    - $50,000 due on the second anniversary from the Approval Date;
    - $50,000 due on the third anniversary from the Approval Date;
- Spend an aggregate $2,000,000 in exploration expenditures over three (3) years, commencing on the date MinKap receives an exploration drill permit for the Property (the "Permit Date");
- Issuing to Canarc a 2.5% net smelter return royalty ("Canarc NSR") in respect of the Property, subject to the Company retaining an option to acquire 1% of the Canarc NSR for a cash payment of $1,000,000;
- File, on the Company's SEDAR issuer profile, a mineral resource estimate in compliance with NI 43-101 on the Property within 3 years of the Permit Date.

Breccia Property Agreement with DGRM

Under the terms of the definitive agreement, the Company has an option to acquire a 100% undivided interest in the Breccia Property from DGRM by completing the following:

- Issuing an aggregate of 2,500,000 common shares and 2,500,000 common share purchase warrants over a 2 year period to DGRM as follows:
    - 1,250,000 common shares and 1,250,000 warrants exercisable at $0.095 for a period of 3 years, within 5 days of approval date
    - 1,250,000 common shares and 1,250,000 warrants exercisable at a 20 day volume weighted average price for a period of 3 years, within 12 months of approval date
- Total cash consideration of $137,500 payable as follows:
    - $12,500 due on the Approval Date (not paid);
    - $25,000 due on the first anniversary from the Approval Date;
    - $50,000 due on the second anniversary from the Approval Date;
    - $50,000 due on the third anniversary from the Approval Date;
- Spend an aggregate $2,000,000 in exploration expenditures over three (3) years, commencing on the date MinKap receives an exploration drill permit for the Property (the "Permit Date");
- Issuing to DGRM a 2.5% net smelter return royalty ("DGRM NSR") subject to the Company retaining an option to acquire 1% of the DGRM NSR for a cash payment of $1,000,000;
- File, on the Company's SEDAR issuer profile, a mineral resource estimate in compliance with NI 43-101 on the Property within 3 years of the Permit Date.

Pursuant to the Purchase Agreement, MinKap shall, prior to the date (the "Expiry Date") that is thirty-six (36) months from the date on which MinKap receives an exploration drill permit in respect of the Properties (the "Permit Date"), incur aggregate exploration expenditures of at least $4,000,000 (the "Expenditure Commitment") in connection with the Properties (being the aggregate of incurring at least $2,000,00 with respect to each of the Lightning Tree Property and the Breccia Gold Property, respectively),provided that not less than $4,000,000 of such Expenditure Commitment shall be incurred in connection with the Property prior to the Expiry Date, such Expenditure Commitment to be made as follows:

- Cumulative Exploration Expenditures of at least $300,000 within one (1) year from the Permit Date (with 50% of such amount to be spent of each of the Breccia Gold Property and the Lightning Tree Property);
- cumulative Exploration Expenditures of at least $2,000,000 within two (2) years from the Permit Date (with 50% of such amount to be spent of each of the Breccia Gold Property and the Lightning Tree Property); and
- cumulative exploration expenditures of at least $4,000,000 within three (3) years from the Permit Date (with 50% of such amount to be spent of each of the Breccia Gold Property and the Lightning Tree Property);

Pursuant to the definitive agreement, MinKap has also agreed to grant to DGRM and Canarc, together, a one-time bonus payment (the "Bonus Payment") of $1.00 per ounce of gold or gold equivalent, up to a maximum of $1,000,000 upon the SEDAR filing of a NI 43-101 compliant resource of 1,000,000 ounces of gold or gold equivalent. The Bonus Payment will be payable to DGRM and CANARC on a pro rata basis based on the number of ounces of gold or gold equivalent from each of their respective claims relative to the 1,000,000 ounces as defined in the NI 43-101 compliant technical report to be prepared in respect of the Property.

The Company has agreed to pay a certain eligible third party a finder's fee in connection with the Transaction as consideration for introducing the Company to the respective Vendors, payable through the issuance of an aggregate of 250,000 common shares in the capital of the Company.

Concurrent Financing

The Company has been granted an extension with respect to the completion of the previously announced non-brokered private placement of up to 10,000,000 units (each, a "Unit") of the Company at a price of $0.075 per Unit for aggregate gross proceeds of up to $750,000 (the "Offering"). The Offering is expected to close on or before September 30, 2020. The closing of the Offering is subject to receipt of all necessary regulatory and other approvals, including the final approval of the TSXV. The Company may pay certain eligible persons a finder's fee in connection with the Offering.

Financial Instruments:

As at May 31, 2020, the Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair value of these financial instruments approximate carrying value since they are short term in nature and are receivable or payable on demand.

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as described in Note 11 of the audited financial statements for the years ended May 31, 2020 and 2019.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed deposits.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the Company's significant commitments and corresponding maturities:

	<1 year	1 – 3 Years	Total
Accounts payable and accrued liabilities	$ 202,131	-	$ 202,131

Foreign Exchange Risk

The Company currently does not have significant foreign exchange risk as all of its transactions are in Canadian dollars.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

Commodity Price Risk

The Company's ability to raise capital to fund exploration activities is subject to risks associated with fluctuations in the market price of mineral resources. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

Fair Value Measurements

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of cash and marketable securities is determined based on “Level 1” inputs which consist of quoted prices in active markets for identical assets. As at May 31, 2020, the Company believes that the carrying values of accounts payable and accrued liabilities approximates its fair value because of their nature and relatively short maturity dates or durations.

Assets measured at fair value on a recurring basis were presented on the Company's Statements of Financial Position as of May 31, 2020 as follows:

	Level 1	Level 2	Level 3	Total
Cash	$ 209,519	$ -	$ -	$ 209,519
Marketable securities	10,000	-	-	10,000

Critical Accounting Estimates and Judgments:

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Judgements

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Estimates

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8 of the audited financial statements for the years ended May 31, 2020 and 2019.

Deferred taxes

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income and resource tax assets.

Accounting Policies:

The Company prepares its financial statements in conformity with IFRS. These unaudited condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's May 31, 2020 annual financial statements.

New Accounting Pronouncements

The Company has adopted the following new standard, along with any consequential amendments, effective June 1, 2019. These changes were made in accordance with the applicable transitional provisions.

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

There was no impact on the Company's financial statements upon adoption of this standard.

Legal Matters:

None outstanding.

Disclosure Controls and Procedures:

On May 31, 2020, the Company carried out an evaluation of the effectiveness of its disclosure controls and procedures as required by Canadian securities laws. Based on this evaluation, management has concluded that the Company's disclosure control and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

The Company has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company has a limited number of employees and therefore internal controls that rely on segregation of duties are not possible in some cases. In these instances, the Company relies on senior management review and approval to ensure that the controls are as effective as possible.

Outstanding Share Data:

As of September 15, 2020, the number of common shares of the Company outstanding, or reserved for issue under convertible securities, is as follows:

Common Shares	Number
Shares outstanding	17,629,599
Options outstanding	699,999
Warrants outstanding	7,708,333
Fully diluted share capital	**26,037,931**

Current Directors and Officers:

Jonathan Armes, CEO, President and Director
Marco Guidi, CFO
Garry Clark, Director
Shawn Westcott, Director
Jon Bey, Director