
Industria Metals Inc.
(formerly Lillingstone Metals Inc.)
Management Discussion and Analysis
For the nine month period ended September 30, 2018
(Expressed in Canadian dollars)

MANAGEMENT DISCUSSION AND ANALYSIS

QUARTER ENDED SEPTEMBER 30, 2018

INTRODUCTION

The Management Discussion & Analysis has been prepared by management and reviewed and approved by the Board of Directors on November 29, 2018. The following discussion of performance, financial condition and future prospects should be read in conjunction with the unaudited quarterly condensed interim financial statements and the related notes thereto for the quarter ended September 30, 2018. The information provided herein supplements but does not form part of the financial statements. This discussion covers the period ended September 30, 2018 and the subsequent period up to November 29, 2018, the date of issue of this MD&A. Monetary amounts in the following discussion are in Canadian dollars unless otherwise noted.

Additional information regarding the Corporation can be found on the Corporation's page at www.sedar.com.

This MD&A contains Forward Looking Information.
Please read the Cautionary Statements on page 3 carefully.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking statements or forward-looking information within the meaning of applicable Canadian securities laws. All statements and information, other than statements of historical fact, included in or incorporated by reference into this MD&A are forward-looking statements and forward-looking information, including, without limitation, statements regarding activities, events or developments that we expect or anticipate may occur in the future. Such forward-looking statements and information can be identified by the use of forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue" or similar words and expressions or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which such forward-looking statements and information are based will occur or, even if they do occur, will result in the performance, events or results expected.

The forward-looking statements and forward-looking information reflect the current beliefs of the Corporation, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors which could cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed in or implied by the forward-looking statements. This forward-looking information includes estimates, forecasts, plans, priorities, strategies and statements as to the Corporation's current expectations and assumptions concerning, among other things, ability to access sufficient funds to carry on operations, compliance with current or future regulatory regimes, particularly in the case of ambiguities, financial and operational performance and prospects, collection of receivables, anticipated conclusions of negotiations to acquire projects or investments, our ability to attract and retain skilled staff, expectations of market prices and costs, expansion plans and objectives, requirements for additional capital, the availability of financing, and the future development and costs and outcomes of the Corporation's projects or investments. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.

We caution readers of this MD&A not to place undue reliance on forward-looking statements and information contained herein, which are not a guarantee of performance, events or results and are subject to a number of risks, uncertainties and other factors that could cause actual performance, events or results to differ materially from those expressed or implied by such forward-looking statements and information. These factors include: unanticipated future operational difficulties (including cost escalation, unavailability of materials and equipment, industrial disturbances or other job action and unanticipated events related to health, safety and environmental matters); social unrest; failure of counterparties to perform their contractual obligations; changes in priorities, plans, strategies and prospects; general economic, industry, business and market conditions; disruptions or changes in the credit or securities markets; changes in law, regulation, or application and interpretation of the same; the ability to implement business plans and strategies, and to pursue business opportunities; rulings by courts or arbitrators, proceedings and investigations; inflationary pressures; and various other events, conditions or circumstances that could disrupt the Corporation's priorities, plans, strategies and prospects including those detailed from time to time in the Corporation's reports and public filings with the Canadian securities administrators, filed on [SEDAR](#).

This information speaks only as of the date of this MD&A. The Corporation undertakes no obligation to revise or update forward-looking information after the date of this document, nor to make revisions to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws or the policies of the TSX-V exchange.

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THE CORPORATION

Industria Metals Inc. (formerly Lillingstone Metals Inc.) (“Industria” or “the Corporation”) was incorporated under the Business Corporations Act (British Columbia) on June 16, 2017. The Corporation is a reporting issuer in British Columbia, and Alberta, but does not trade on a stock exchange.

The Corporation’s current business is to comply with all reporting requirements while endeavoring to find, acquire and finance a suitable business or project.

RECENT EVENTS

Plan of arrangement

The Corporation was a wholly-owned subsidiary of Anacott Resources Corp. (“Anacott”) until a plan of arrangement was completed on July 28, 2017 under which the Corporation’s units were distributed to shareholders of Anacott on a pro-rata basis.

Events subsequent to September 30th, 2018

On October 15, 2018, the Company closed a private placement of 5,000,000 common shares of the Company for proceeds of \$250,000.

On November 22, 2018, the Company signed a definitive option agreement whereby the Company has the option to acquire 100% interest in certain leases of mineral rights in the state of Colorado which are thought to be prospective for uranium and vanadium. In order to exercise the option, the Company must make the following cash payments:

1. US\$125,000 on signing the definitive agreement (paid)
2. US\$75,000 within 30 days of securing an agreement to process ore at a nearby facility
3. US\$300,000 within 120 days following the later of
 - a. the date that the US\$75,000 payment is made, or
 - b. the date that the stay is lifted
4. US\$1,000,000 on the date that is the earlier of:
 - a. commencement of commercial uranium production and
 - b. 24 months after the \$300,000 payment is made

Following the option exercise, the Company shall have the following obligations:

The Company shall make a total of three payments of US\$1,500,000 each: on the second, fourth and sixth anniversaries of the US\$1,000,000 payment. The optionor of the property shall retain the right to purchase up to 20% of the uranium production from the property at an industry competitive price.

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SUMMARY OF QUARTERLY RESULTS

The Corporation was incorporated under the Business Corporations Act (British Columbia) on June 19, 2017, and its principal business activity is searching for a project to acquire, while complying with the requirements of being a public company. As such, it has been in existence for only six of the past eight quarters.

Quarter ended	30-Sep-18		30-Jun-18		31-Mar-18		31-Dec-17
Revenue ⁽¹⁾	-		-		-		-
Loss for the quarter	\$	(30,477)	\$	(8,757)	\$	(9,966)	\$ (7,768)
Loss per share	\$	(0.00)	\$	(0.00)	\$	(0.00)	\$ (0.00)

Quarter ended	30-Sep-17		30-Jun-17		31-Mar-17		31-Dec-16
Revenue ⁽¹⁾	-		-		-		-
Loss for the quarter	\$	(58,811)	\$	-	\$	N/A	\$ N/A
Loss per share	\$	(0.00)	\$	(0.00)	\$	N/A	\$ N/A

⁽¹⁾ this being a Corporation without operations or investments, there are no revenues from operations or investments;

Loss for the quarter ended September 30, 2018

Losses of \$30,477 in the three months ended September 30, 2018 ("Q3-18") were higher than the comparable to losses of \$8,757 and \$9,966 for the two previous quarters (three months ended June 30, 2018 and March 31, 2018). This variance is primarily due to \$21,236 in property investigations costs, with the remaining operational costs of the Corporation remaining approximately steady-state and consistent with the three prior quarters. Property investigation costs were incurred in Q3-18 as the Corporation is investigating potential mineral property acquisition targets. In comparison to Q3-17, costs incurred in Q3-18 were substantially less, primarily due to \$45,000 in legal expenses incurred in the quarter ended September 30, 2017. These costs were incurred in order to establish the Corporation and draft and enact the plan of arrangement.

Accounting and corporate secretarial costs include accruals for tax compliance work related to the current year, as well as fees for accounting and corporate secretarial work required for regulatory compliance.

Loss for the nine months ended September 30, 2018

Losses of \$49,200 in the nine months ended September 30, 2018 represent the approximate steady-state operational costs of the Corporation, plus property investigation costs incurred to investigate potential mineral property acquisition targets of \$21,236, leaving steady-state losses of \$27,964. Losses for the period from June 16, 2017 to September 30, 2017 were \$58,811, and after removing legal costs of \$45,000, adjusted losses were \$13,811. The variance in the steady-state losses between these two periods is consistent with the fact the 2017 period spanned approximately 3.5 monthly compared 9 months in the 2018 period. In the quarter ended September 30, 2017, the largest cost was for legal expenses at \$45,000. These costs were incurred in order to establish the Corporation and draft and enact the plan of arrangement. No legal costs were incurred in the nine months ended September 30, 2018.

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Cash flows for the nine months ended September 30, 2018

The Corporation's operating activities consumed a small amount of cash, and a small amount of cash was raised through the sale of Corporation units, rendering the period cash-flow neutral on an overall basis, as with previous quarters.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation had a working capital¹ deficit of \$115,203 as of September 30, 2018 (December 31, 2016: deficit of \$ 66,528). The Corporation does not have revenues from operations, and relies on outside funding for its continuing financial liquidity. The Corporation will need additional financing in order to continue operations.

Management cautions that the Corporation's ability to raise additional funding is not certain. Additional funds will be required in order to pursue the Corporation's current business plans. An inability to raise additional funds would adversely impact the future assessment of the Corporation as a going concern.

CHANGES IN ACCOUNTING POLICIES

Accounting policies used in the quarter are as set out in the Corporation's audited annual financial statements of for the period ended December 31, 2017, with the adoption of updated policies to comply with evolving International Financial Reporting Standards, which are described in note 4 of the condensed interim financial statements for the quarter ended September 30, 2018.

FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of accounts receivable, accounts payable and accrued liabilities, and due to related parties. It is management's opinion that the Corporation is not exposed to significant interest risk arising from the financial instruments. The Corporation is exposed to credit risk in relation to the receivables balances, however, most receivables are in relation to sales tax due from the Canadian government. Credit risk is managed for receivables by seeking prompt payment, monitoring the age of receivables, and making follow up inquiries when receivables are not paid in a timely manner. The Corporation does not engage in any hedging activities. With no cash with which to fund operations, the Corporation is exposed to substantial liquidity risk, as discussed in "Liquidity and Capital Resources" above. Financial instruments do not generally expose the Corporation to risk that is significant enough to warrant reducing via purchasing specific insurance or offsetting financial instruments. Further discussion of these risks is presented in Note 5 of the condensed interim financial statements for the quarter ended September 30, 2018.

¹ Working capital, a non-GAAP-measure is defined as current assets net of current liabilities.

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RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel at the Corporation are the directors and officers of the Corporation. The remuneration of key management personnel during the periods is as follows:

	Period ended September 30, 2018	Period ended September 30, 2017
Director remuneration ¹	\$ -	\$ -
Officer remuneration ¹	\$ 17,300	\$ 6,000
Share-based payments	\$ -	\$ -

¹ Remuneration consists exclusively of salaries, bonuses, health benefits if applicable and consulting fees for key management personnel.

Other than the amounts disclosed above, there were no short-term employee benefits or share-based payments granted to key management personnel during the period ended September 30, 2018.

In accordance with Item 1.9 of Part 2 of Form 51-102.F1 the Corporation has no ongoing contractual commitments with related parties, apart from those established under the employee-employer or service-provider relationship. Amounts are recorded at the exchange amount agreed between the parties. Remuneration was paid or is payable to Anacott of \$18,175 (December 31, 2017 - \$12,000) for services of the Chief Financial Officer and similar accounting services.

Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities at September 30, 2018 is \$84,083 (December 31, 2017 - \$64,819) due to Anacott, a company with a common officer. These amounts are owed in relation to key management compensation as well as costs paid to third parties on the Corporation's behalf.

Plan of arrangement

The Corporation was a wholly-owned subsidiary of Anacott Resources Corp. ("Anacott") until a plan of arrangement was completed on July 28, 2017 under which the Corporation's units were distributed to shareholders of Anacott on a pro-rata basis.

RISK FACTORS AND MANAGEMENT'S RESPONSIBILITY OVER FINANCIAL REPORTING

Risk Factors

Early-stage entities face a variety of risks and, while unable to eliminate all of them, the Corporation aims to manage and reducing such risks as much as possible.

Selecting investments is a competitive process. The Corporation seeks to maintain an appropriate balance by carefully considering risks to ensure an investment's level of risk is commensurate with the Corporation's assessment of the project's potential.

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OFF BALANCE SHEET ARRANGEMENTS

The Corporation has not entered into any off-balance sheet arrangements.

OUTSTANDING COMMON SHARE DATA

The following section updates the outstanding common share information provided in the unaudited condensed interim financial statements for the quarter ended September 30, 2018.

Common Shares:

Shares outstanding at September 30, 2018	14,210,747
Private placement	<u>5,000,000</u>
Shares outstanding at November 29, 2018	19,210,747