# CLARMIN EXPLORATIONS INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following information, prepared as of March 25, 2019 should be read in conjunction with the unaudited condensed interim financial statements of Clarmin Explorations Inc. ("the Company" or "Clarmin") for the three and six months ended January 31, 2019, together with the audited financial statements of the Company for the year ended July 31, 2018 and the accompanying Management's Discussion and Analysis ("MDA") for that fiscal period. The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. All amounts are expressed in Canadian dollars unless otherwise indicated.

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

### FORWARD-LOOKING STATEMENTS

The Company's condensed interim financial statements for the three and six months ended January 31, 2019, and this accompanying MD&A contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators.

It is important to note that, unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of March 25, 2019.

Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions.

Forward-looking statements in this MD&A include statements regarding the Company's future plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. The forward-looking statements that are contained in this MD&A involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Some of these risks and uncertainties are identified under the heading "RISKS AND UNCERTAINTIES" in this MD&A.

Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

### COMPANY DESCRIPTION

Clarmin Explorations Inc. was incorporated under the Business Corporations Act of British Columbia on October 13, 2016. The Company is engaged in the exploration and development of mineral properties in Canada. The Company's head office is located at 880 – 580 Hornby Street, Vancouver, BC V6C 3B6.

The Company is a junior exploration company engaged in the exploration and development of the Arlington Property. The Company's future performance depends on, among other things, its ability to discover and develop ore reserves at commercially recoverable quantities, the prevailing market price of commodities it produces, the Company's ability to secure required financing, and in the event ore reserves are found in economically recoverable quantities, the Company's ability to secure operating and environmental permits to commence and maintain its mining operations.

On January 8, 2018 the Company completed its Initial Public Offering (the "Offering") of the Company's common shares. The Company issued 3,500,000 common shares at a price of $0.10 per share for gross proceeds of $350,000. The Company's common shares were listed on the TSX Venture Exchange ("TSX-V") on January 8, 2018 under the symbol "CX".

## ARLINGTON PROPERTY

On April 27, 2017 the Company entered into a mineral property option agreement (the "Agreement") to acquire a 100% interest in the Arlington Property located in British Columbia.

As per the terms of the Agreement the Company must complete the following:

- Cash payment of $10,000 on April 27, 2017 (paid);
- Cash payment of $10,000 on the date of listing on a recognized stock exchange (paid);
- Cash payment of $35,000 and issue 200,000 common shares on or before April 27, 2019;
- Cash payment of $50,000 and issue 300,000 common shares on or before April 27, 2020;
- Incur $200,000 in exploration expenditures on or before April 27, 2019;
- Incur an additional $300,000 in exploration expenditures on or before April 27, 2020.

There is a 1.5% Net Smelter Royalty ("NSR") maintained on the property. The Company can repurchase 1% of the NSR within one year of commencement of commercial production at a cost of $1,000,000.

During the year ended July 31, 2018 the Company completed a field program and the results have extended anomalous copper and silver soil geochemical results through the sampled area between the north and south grids. The Company is currently evaluating the results and determining the next steps for developing the Arlington Property.

## RESULTS OF OPERATIONS

### Six months ended January 31, 2019

The Company recorded a loss of $37,401 ($0.00 per share) for the six months ended January 31, 2019 as compared to a loss of $150,576 ($0.00 per share) for the six months ended January 31, 2018. The decrease in loss during the period ended January 31, 2019 is primarily due to share-based payments expense of $nil (January 31, 2018 - $101,157).

### Three months ended January 31, 2019

The Company recorded a loss of $10,361 ($0.00 per share) for the three months ended January 31, 2019 as compared to a loss of $145,608 ($0.01 per share) for the three months ended January 31, 2018. The decrease in loss during the period ended January 31, 2019 is due to the following:

a) Share-based payments of $nil (2018 - $101,157) decreased as the Company granted options during the three months ended January 31, 2018 to directors and officers of the Company.
b) Professional fees of $5,346 (2018 - $23,003) were greater during the three months ended January 31, 2018 as the Company was completing its Offering.
c) Filing and listing fees of $4,707 (2018 - $21,448) were greater during the period ended January 31, 2018 as the Company's shares were listed on the TSX-V.

## SUMMARY OF QUARTERLY RESULTS

A summary of the Company's quarterly results for the past eight quarters:

| | Three Months Ended ($) | | | |
|---|---|---|---|---|
| | **January 31, 2019** | **October 31, 2018** | **July 31, 2018** | **April 30, 2018** |
| Loss and comprehensive loss | (10,361) | (27,040) | (61,762) | (8,674) |
| Basic and diluted loss per share* | (0.00) | (0.00) | (0.00) | (0.00) |
| Working capital | 382,849 | 393,210 | 420,250 | 482,011 |

| | Three Months Ended ($) | | | |
|---|---|---|---|---|
| | **January 31, 2018** | **October 31, 2017** | **July 31, 2017** | **April 30, 2017** |
| Loss and comprehensive loss | (145,608) | (4,968) | (127,216) | - |
| Basic and diluted loss per share* | (0.01) | (0.00) | (0.04) | - |
| Working capital (deficit) | 490,685 | 252,816 | 282,784 | - |

The increase in loss for the period ended October 31, 2018 is due to increased filing and listing fees as the Company's common shares are now listed on the OTC Markets Platform. The loss for the quarter ended January 31, 2018 includes $101,157 of share-based payments expense related to options granted to officers and directors of the Company and listing fees of $21,448 as the Company completed its Offering and listed on the TSX-V.

During the three months ended July 31, 2017 the Company incurred $111,188 of exploration expense related to the Arlington property. The Company was inactive during the three months ended April 30, 2017.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed $42,107 of cash during the six months ended January 31, 2019 (2018 - $180,170). The Company's aggregate operating, investing, and financing activities during the six months ended January 31, 2019 resulted in a decrease in its cash balance from $433,108 at July 31, 2018 to $391,001 at January 31, 2019. The Company's working capital at January 31, 2019 was $382,849 compared to working capital of $420,250 at July 31, 2018.

The Company's future capital requirements will depend upon many factors including, without limitation, the results of its exploration programs and commodity prices for precious metals. The Company has limited capital resources and has to rely upon the sale of equity securities for cash required for exploration and development purposes, for acquisitions and to fund the administration of the Company. Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity and debt securities to raise capital, which would result in further dilution to the shareholders. There is no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company or at all.

The Company has no long-term debt.

## FINANCING ACTIVITIES AND CAPITAL EXPENDITURES

The Company did not have any financing activities or capital expenditures during the six months ended January 31, 2019.

The Company had the following financing activities during the six months ended January 31, 2018:

- On January 8, 2018 the Company completed its Offering, issuing 3,500,000 common shares at $0.10 per share for gross proceeds of $350,000. The Company incurred cash financing costs of $82,680 and issued 280,000 broker warrant, with each warrant having an exercise price of $0.10 and expiring on January 8, 2020. The warrants were fair valued at $20,945 using the Black-Scholes Option Pricing model under the following assumptions: risk free rate – 1.78%; expected dividend – nil; expected life – 2 years; expected volatility – 1005.

- The Company also repaid $20,000 in subscriptions payable during the six months ended January 31, 2018.

During the six months ended January 31, 2018 the Company incurred $10,000 of exploration and evaluation asset acquisition costs.

Subsequent to January 31, 2019 the Company entered into a purchase agreement (the "Option") to acquire a 100% interest in three tenures totaling 1,285 hectares (the "Benton Property") located in New Brunswick, Canada. As per the Option Agreement the Company issued 500,000 common shares and will make a cash payment of $35,000. There is a 2% Net Smelter Return Royalty on the Benton Property, of which 50% may be repurchased by the Company for proceeds of $1,000,000. The Company will also be required to pay advance royalty payments of $5,000 per annum.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## RELATED PARTY TRANSACTIONS

As at January 31, 2019, the Company had $nil (July 31, 2018 - $nil) in accounts payable and accrued liabilities owing to related parties. Amounts owing to related parties are unsecured, non-interest bearing and due on demand. All related party transactions are in the normal course of operations.

Compensation paid to key management being the CEO and directors, during the three and six months ended January 31, 2019 was $nil (2018 - $nil).

## CHANGES IN ACCOUNTING POLICIES

The following new standards have been issued but are not yet effective:

### IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. IFRS 9 also amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on financial liabilities and derecognition of financial instruments. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements.

### IFRS 16 Leases

This standard replaces IAS17-Leases and requires lessees to account for leases on the statement of financial position by recognizing a right to use asset and lease liability. The mandatory effective date for the Company is for annual period beginning on August 1, 2019. The Company has initially assessed that there will be no material reporting changes as a result of adoption this new standard.

## FINANCIAL INSTRUMENTS

### Classification of Financial Instruments

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs, other than Level 1 prices, in active markets for similar assets or liabilities, such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. The Company designated its cash as loans and receivables, which are measured at amortized cost. The accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The risks associated with financial assets and liabilities are detailed/discussed below:

### Credit Risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is held with the Bank of Montreal. Accordingly, the Company believes it is not exposed to significant credit risk.

### Interest Rate Risk

Interest rate risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is limited at present as the Company's assets and liabilities are earning or incurring interest at market rates or where they are non-interest bearing or have fixed interest rates they have short terms to maturity.

### Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities. As at January 31, 2019, all of the Company's liabilities are due on demand. At January 31, 2019, the Company had working capital of $382,849 (July 31, 2018 - $420,250).

## OUTSTANDING SHARE DATA

Authorized: Unlimited common shares without par value.
Unlimited preferred shares issuable in series.

All share information is reported as of March 25, 2019 in the following table:

| Type of Security | Number | Exercise Price ($) | Expiry Date |
|---|---|---|---|
| Issued and outstanding common shares | 14,200,001 | N/A | N/A |
| Stock options | 1,350,000 | 0.10 | January 8, 2023 |
| Broker Warrants | 280,000 | 0.10 | January 8, 2020 |
| Total | 15,830,001 | | |

## RISKS AND UNCERTAINTIES

The Company has incurred significant losses since inception. The continued operations of the Company are dependent on its ability to generate future cash flow and obtain additional financing. The Company has traditionally financed its cash requirements through the issuance of common shares. If the Company is unable to generate cash from operations or obtain additional financing its ability to continue as a going concern could be impaired.

## DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements for the three and six months ended January 31, 2019 and this accompanying MD&A (together the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.