

**Sanibel Ventures Corp.**  
**(A Capital Pool Company)**

**Management Discussion & Analysis**

**For the three and nine months ended December 31, 2019**

This Management Discussion and Analysis (“**MD&A**”) of financial position and results of operation are as at February 24, 2020 and should be read in conjunction with the condensed interim financial statements for the three and nine months ended December 31, 2019 and related notes (the “**Interim Financial Statements**”) and the audited financial statements for the year ended March 31, 2019 and related notes (the “**Annual Financial Statements**”). The Interim Financial Statements of Sanibel Ventures Corp. (the “**Company**”) have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis are quoted in Canadian dollars. Additional information can be found at the website [www.sedar.com](http://www.sedar.com).

Certain sections of this MD&A may contain forward-looking statements.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words. Readers are cautioned that these statements which describe the Company’s plans, objectives, and budgets may differ materially from actual results. See additional discussion under “Risks and Uncertainties” section.

## **CORPORATE PROFILE AND OVERALL PERFORMANCE**

---

Sanibel Ventures Corp. was incorporated under the Business Corporations Act (British Columbia) on October 24, 2017. The principal business of the Company is the identification and evaluation of assets or a business and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. The Company’s common shares commenced trading on the TSX Venture Exchange (“TSX-V”) under the trading symbol “SBEL.P” on August 1, 2018. The Company is classified as a Capital Pool Company (“CPC”) as defined in the TSX-V Policy 2.4.

The Company’s head office, principal address and registered and records office is located at 2080 – 777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1S4.

On July 27, 2018, the Company completed its initial public offering (the “Offering”) of 2,000,000 common shares at a price of \$0.10 per common share for gross proceeds of \$200,000 pursuant to a prospectus dated June 15, 2018. The Company’s agent engaged in connection with the Offering was paid a commission of \$16,000, a Corporate Finance Fee of \$8,400, and reimbursed for its expenses of \$12,145 incurred pursuant to the Offering. The Company also granted 40,000 non-transferable warrants, of which 11,545 warrants were exercised on August 7, 2018 for gross proceeds of \$1,154, to its agent at a price of \$0.10 per share for a period of 24 months.

On July 27, 2018, the Company granted an aggregate of 400,000 incentive stock options to its director, officers and certain technical consultants with an exercise price of \$0.10 for a period of five years.

As at December 31, 2019, the Company had cash of \$137,995 and a surplus working capital position of \$118,920. See “Liquidity and Capital Resources”.

## **RESULTS OF OPERATIONS**

As at the date of this report, the Company was a CPC. Accordingly, the Company has not recorded any revenues, and depends upon share issuances to fund its administrative expenses. See the summary of results, below:

### ***Selected Financial Data***

|                                     | <b>For the three months ended<br/>December 31,</b> |             | <b>For the nine months ended<br/>December 31,</b> |             |
|-------------------------------------|----------------------------------------------------|-------------|---------------------------------------------------|-------------|
|                                     | <b>2019</b>                                        | <b>2018</b> | <b>2019</b>                                       | <b>2018</b> |
|                                     | <b>\$</b>                                          | <b>\$</b>   | <b>\$</b>                                         | <b>\$</b>   |
| General and administrative expenses | 6,986                                              | 2,451       | 61,096                                            | 66,255      |
| Net and comprehensive loss          | (6,460)                                            | (1,741)     | (59,384)                                          | (65,121)    |
| Basic and diluted loss per share    | (0.00)                                             | (0.00)      | (0.03)                                            | (0.06)      |
| Working capital                     | 118,920                                            | 203,345     | 118,920                                           | 203,345     |
| Total assets                        | 138,905                                            | 212,485     | 138,905                                           | 212,485     |
| Total shareholders' equity          | 118,920                                            | 203,345     | 118,920                                           | 203,345     |

### ***Net and comprehensive loss***

At December 31, 2019, the Company had not yet achieved profitable operations and has accumulated losses of \$175,729 (March 31, 2019 - \$116,345) since inception. During the three and nine months ended December 31, 2019, the Company recorded net loss of \$6,460 and \$59,384, respectively or \$0.00 and \$0.03 per share, respectively.

### ***Results of Operations***

The operating and administrative expenses for the three months ended December 31, 2019 totalled \$6,986 (three months ended December 31, 2018 – \$2,451). The table below details the changes in major expenditures for the three months ended December 31, 2019 as compared to the corresponding period ended December 31, 2018.

| <b>Expenses</b>   | <b>Increase / Decrease</b> | <b>Explanation for Change</b>                                                                        |
|-------------------|----------------------------|------------------------------------------------------------------------------------------------------|
| Professional fees | Increase of \$7,494        | Increase due to the Company recorded a recovery in the prior period, but none in the current period. |

The operating and administrative expenses for the nine months ended December 31, 2019 totalled \$61,096 (nine months ended December 31, 2018 – \$66,255). The table below details the changes in major expenditures for the nine months ended December 31, 2019 as compared to the corresponding period ended December 31, 2018.

| <b>Expenses</b>              | <b>Increase / Decrease</b> | <b>Explanation for Change</b>                                                                           |
|------------------------------|----------------------------|---------------------------------------------------------------------------------------------------------|
| Professional fees            | Increase of \$5,054        | Increase due to the Company recorded a recovery in the prior period, but none in the current period.    |
| Property investigation costs | Increase of \$32,000       | Increase due to the Company engaging consultants to find and review potential mining properties.        |
| Share-based compensation     | Decrease of \$30,040       | Decrease due to the Company granting stock options in the prior period, but none in the current period. |
| Transfer and filing fees     | Decrease of \$11,763       | Decrease due to fees incurred related to the Company's IPO in the prior period.                         |

***Summary of quarterly results for the last consecutive 8 quarters***

Historical quarterly financial information derived from the Company's eight most recently completed quarters is as follows:

|                                  | Quarters Ended       |                       |                  |                   |
|----------------------------------|----------------------|-----------------------|------------------|-------------------|
|                                  | December 31,<br>2019 | September 30,<br>2019 | June 30,<br>2019 | March 31,<br>2019 |
|                                  | \$                   | \$                    | \$               | \$                |
| Net and Comprehensive Loss       | (6,460)              | (10,980)              | (41,944)         | (25,041)          |
| Basic and Diluted Loss Per Share | (0.00)               | (0.01)                | (0.02)           | (0.01)            |

|                                  | December 31,<br>2018 | September 30,<br>2018 | June 30,<br>2018 | March 31,<br>2018 |
|----------------------------------|----------------------|-----------------------|------------------|-------------------|
|                                  | \$                   | \$                    | \$               | \$                |
| Net and Comprehensive Loss       | (1,741)              | (52,806)              | (10,574)         | (13,207)          |
| Basic and Diluted Loss Per Share | (0.00)               | (0.04)                | -                | -                 |

Loss per share and weighted average share calculations do not include 2,000,000 escrowed shares as they are contingently returnable.

Variances quarter over quarter can be explained as follows:

- In the quarter ended June 30, 2019, the Company incurred property investigation costs of \$32,000 as the Company engaged consultants to find and review potential mining properties, contributing to significantly higher losses in the quarter.
- In the quarter ended September 30, 2018, stock options were granted to various directors and officers. These grants resulted in share-based compensation expenses of \$30,040, contributing to significantly higher losses in the quarter compared to quarters in which no stock options were granted.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company has financed its operations to date through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity.

The Company's liquidity and capital resources are as follows:

|                                           | December 31, 2019 | March 31, 2019 |
|-------------------------------------------|-------------------|----------------|
|                                           | \$                | \$             |
| Cash                                      | 137,995           | 199,493        |
| Prepaid                                   | 910               | 5,005          |
| Total current assets                      | 138,905           | 204,498        |
| Accounts payables and accrued liabilities | 19,985            | 26,194         |
| Working capital                           | 118,920           | 178,304        |

As at December 31, 2019, the Company had cash of \$137,995 (March 31, 2019 – \$199,493) and had working capital of \$118,920 (March 31, 2019 – \$178,304). The balance in cash is mostly from the proceeds of \$100,000 following the issuance of 2,000,000 common shares of the Company pursuant to its seed share financing and from the proceeds of \$200,000 following the issuance of 2,000,000 common shares of the Company pursuant to its initial public offering. The decrease in cash during the quarter ended December 31, 2019 was \$3,551 which was primarily the result of the Company funding its operating expenditures.

Management believes the Company has sufficient funds on hand to meet anticipated administrative and other related expenditures.

As of the date hereof, the Company did not have any commitments for capital expenditures.

As a CPC, the Company is subject to externally imposed capital requirements as outlined in the TSX-V Policy 2.4 and summarized below:

- 1) No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a Qualifying Transaction (“QT”);
- 2) Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a QT;
- 3) No more than the lesser of \$210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate a QT;
- 4) After the completion of its IPO and until the completion of a QT, a CPC may not issue any securities unless written acceptance of the TSX-V is obtained before the issuance of the securities.

## **OFF-BALANCE SHEET TRANSACTIONS**

---

The Company does not have any off-balance sheet arrangements as at December 31, 2019 or as of the date of this report.

## **RELATED PARTY TRANSACTIONS**

---

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company.

Summary of key management personnel compensation:

|                          | <b>For the nine months ended December 31,</b> |             |
|--------------------------|-----------------------------------------------|-------------|
|                          | <b>2019</b>                                   | <b>2018</b> |
|                          | <b>\$</b>                                     | <b>\$</b>   |
| Share-based compensation | -                                             | 30,040      |

## **CRITICAL JUDGEMENTS AND ESTIMATES**

---

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

### **Significant Judgments**

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- i. The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.
- ii. The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

### **RISKS & UNCERTAINTIES**

The Company is actively working to identify and evaluate assets or businesses in order to complete a QT and currently has no source of recurring income. The Company has not commenced commercial operations, and has no significant assets other than cash, has no history of earnings and shall not generate earnings or pay dividends until at least after the completion of a QT, if at all. Until the completion of a QT, the Company is not permitted to carry on any other business other than the identification and evaluation of significant assets in pursuit of a QT.

There can be no assurances that the Company will identify any assets or businesses in pursuit of a QT, or have the financial resources necessary to complete a QT. Nor can there be an assurance that the Company will be able to obtain additional financing in the future on terms acceptable to the Company or at all.

The Company's success depends to a certain degree upon key members for the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management team or certain key employees could have a material adverse effect on the Company.

### **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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 the Company's accounts payable and accrued liabilities approximate their carrying value. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

- (a) Credit risk:  
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited its cash with a high credit quality financial institution as determined by rating agencies to mitigate any risk.

- (b) **Liquidity risk:**  
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accrued liabilities are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.
- (c) **Market risk:**  
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.
- (d) **Interest rate risk:**  
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

### **Capital Management**

The Company defines capital as the Company's shareholder's equity. The Company's objectives when managing capital is to safeguard its accumulated capital by maintaining a sufficient level of funds to complete the Company's QT while providing adequate returns to shareholders.

### **DISCLOSURE OF DATA FOR OUTSTANDING COMMON SHARES, OPTIONS, AND WARRANTS**

The following table summarizes the outstanding common shares, stock options, and warrants of the Company:

|               | <b>As at December 31, 2019</b> | <b>Date of this MD&amp;A</b> |
|---------------|--------------------------------|------------------------------|
| Common shares | 4,011,545                      | 4,011,545                    |
| Stock options | 400,000                        | 400,000                      |
| Warrants      | 28,455                         | 28,455                       |

As at the date of this MD&A, the Company has 4,011,545 common shares issued and outstanding of which 2,000,000 shares of the Company are held in escrow and will be released from escrow in tranches over 36 months following the completion of a QT and TSX-V approval.

Details of the outstanding stock options:

| <b>Number of options<br/>outstanding</b> | <b>Number of options<br/>exercisable</b> | <b>Exercise price<br/>\$</b> | <b>Expiry date</b> |
|------------------------------------------|------------------------------------------|------------------------------|--------------------|
| 400,000                                  | 400,000                                  | 0.10                         | July 27, 2023      |

Details of the outstanding warrants:

| <b>Number of warrants</b> | <b>Exercise price<br/>\$</b> | <b>Expiry date</b> |
|---------------------------|------------------------------|--------------------|
| 28,455                    | 0.10                         | July 27, 2020      |

**OTHER MD&A REQUIREMENTS**

---

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com) including, but not limited to:

- the Company's condensed interim financial statements for the three and nine months ended December 31, 2019 and 2018; and
- the Company's audited financial statements for the year ended March 31, 2019.

This MD&A has been approved by the Board on February 24, 2020.