

GSP RESOURCE CORP

Management Discussion and Analysis For the nine months ended February 28, 2019

DISCLAIMER FOR FORWARD-LOOKING INFORMATION

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of February 28, 2019. These assumptions, which include, management's current expectations, estimates and assumptions about the global economic environment may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) inability to locate and identify potential business acquisitions, (3) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (4) other factors beyond our control. There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. Unless otherwise required by applicable securities laws, the Issuer disclaims any obligation to update any forward-looking statements, whether as a result of new events, circumstances and information, future events or results or otherwise. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

All capitalized terms not defined herein have the meanings ascribed to them in the long form prospectus of the Company (the "Prospectus").

1.1 – Date and Basis of Discussion & Analysis

This management discussion and analysis ("MD&A") is dated as of April 25, 2019 and should be read in conjunction with the unaudited condensed interim financial statements of GSP Resource Corp for the nine months ended February 28, 2019 and the audited financial statements for the period from incorporation on February 19, 2018 to May 31, 2018. The February 28, 2019 Financial Statements are prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

The financial statements were approved by the Board of Directors of the Company on April 26, 2019.

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1.2 – Overall Performance

Nature of Business

GSP Resource Corp. (“GSP” or the “Company”) was incorporated as “GSP Resource Corp.” under the Business Corporations Act (British Columbia) on February 19, 2018.

The Company’s principal business activity is the exploration of mineral properties. The Company currently conducts substantially all of its operations in Canada in one business segment.

The head office and principal address of the Company is located at 1610 – 777 Dunsmuir Street, Vancouver, B.C., V7Y 1K4. On February 23, 2018, the Company entered into the Olivine Option Agreement with Platinum Belt Resources Inc., the Optionor, to acquire a 100% interest in 25 mineral claims comprising the Olivine Property located in the Similkameen Mining Division in the Province of British Columbia. The Olivine Property is the sole property of the Company.

The Company has never generated revenue or positive cash flows from operations. For the nine months ended February 28, 2019, the Company reported a net loss of \$(215,437), cash used in operating activities of \$93,897, and an accumulated deficit of \$(243,709). For the period from incorporation on February 19, 2018 to May 31, 2018, the Company reported a net loss of (\$28,272), cash deficiency from operating activities of (\$2,158) and had an accumulated deficit of (\$28,272). This raises significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue its operations as intended are dependent on its ability to obtain necessary financing and raise capital sufficient to cover its operating costs.

Operations during the nine months ended February 28, 2019 were primarily related to obtaining the necessary financing, as well as conducting the initial exploration program. During the period the Company incurred exploration and evaluation assets expenditures in the amount of \$221,001. See “Olivine Property, Similkameen Mining Division, British Columbia.”

The Company has only recently commenced operations and has a history of no operating earnings. The Company had a negative operating cash flow in its most recently completed financial year and will continue to for the foreseeable future.

An investment in a natural resource company involves a significant degree of risk. The degree of risk increases substantially where the company’s properties are in the exploration stage as opposed to the development stage. The mineral exploration and mining business is competitive in all of its phases.

In the event that the Company’s exploration program is successful, the Company will require additional financing in order to further develop the Company’s property. The Company may not have enough funds to carry out its Phase II exploration program on the Olivine Property and additional financings may be required.

The property of the Company does not contain any known body of commercial ore. The marketability of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond control of the Company. The grade of any ore ultimately mined from a mineral deposit may differ from that produced from drilling results. Mining operations generally involve a high degree of risk. There is a degree of uncertainty attributable to the calculation of reserves, resources and corresponding grades being dedicated to future production.

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See “RISK FACTORS AND UNCERTAINTIES”.

Financing

During the period from Incorporation on February 19, 2018 to May 31, 2018 the Company issued 6,550,000 common shares for net proceeds in the amount of \$364,250. See “Share Capital”.

On November 29, 2018, the Company completed an Initial Public Offering (“IPO”, “Offering”), whereby the Company issued an aggregate of 2,776,500 Common Shares of the Company (the “Shares”) at a price of \$0.20 per Share for gross proceeds of \$555,300 and 1,000,000 flow-through Common Shares of the Company (the “FT Shares”) at a price of \$0.25 per FT Share for gross proceeds of \$250,000. Each FT Share is a Common Share of the Company that qualifies as a “flow-through share” within the meaning of the Tax Act.

On February 12, 2019 the Company issued 200,000 common shares pursuant to the Olivine option Agreement (see below).

Olivine Property, Similkameen Mining Division, British Columbia

On February 23, 2018, the Company entered into an option agreement (the Olivine Option Agreement) to acquire a 100% interest in 25 mining claims located in the Similkameen Mining District of British Columbia. To acquire the 100% interest, the Company must make cash payments of \$105,000, issue 200,000 of the Company’s common shares and incur aggregate minimum explorations expenditures as follows:

Date	Cash	Shares	Minimum Exploration Expenditures
Within 10 days after execution and delivery of the Agreement (paid)	\$ 15,000	-	
Within 10 days of the “Listing Date”, which is five days after the date of the final TSXV bulletin approving the listing of the Company’s Common Shares and the acceptance by the TSXV of the Option Agreement. (paid and issued)	\$ 20,000	200,000	
Six-month anniversary of the Listing Date	\$ 20,000	-	
Twelfth-month anniversary of the Listing Date	\$ 25,000	-	\$100,000
Eighteenth anniversary of the Listing Date	\$ 25,000	-	-
Twenty-fourth month anniversary of the Listing Date	-	-	\$200,000
	<u>\$ 105,000</u>	<u>200,000</u>	<u>\$300,000</u>

During the term of the option, the Company is required to keep the claims in good standing.

These claims are also subject to a 2% Net Smelter Return (“NSR”) Royalty payable commencing from the date upon which the Olivine Property is put into commercial production, 100% of which can be acquired at a purchase price of \$1,00,000 for each one-half (50%) of the NSR Royalty, leaving the Optionor with no (nil) NSR Royalty after payment of \$2,000,000.

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Expenditures related to the Olivine Property can be summarized as at February 28, 2019 as follows:

	Balance May 31, 2018	Additions	Balance February 28, 2019
	\$	\$	\$
Acquisition costs			
Additions during the period			
Property option payments - cash	15,000	20,000	35,000
Property option payments - shares	-	35,000	35,000
	15,000	55,000	70,000
Exploration costs			
Additions during the period			
Airborne geophysical survey	85,000	-	85,000
Assessment report	-	6,554	6,554
Fieldwork	1,000	6,609	7,609
Geological consulting	-	5,006	5,006
Geological survey	-	1,375	1,375
Laboratory analysis	-	46,396	46,396
Project management	14,532	13,577	28,109
Soil sampling	-	36,315	36,315
Technical report	10,634	13,158	23,792
Travel, supplies and field expenses	250	37,012	37,262
	111,416	166,001	277,417
Balance, end of period	126,416	221,001	347,417

1.3 – Selected Annual Information

As at	February 28, 2019	May 31, 2018
	\$	\$
Current Assets	622,516	250,023
Deferred finance costs	-	3,655
Mineral Assets	347,417	126,416
Total Assets	969,933	380,104
Current Liabilities	17,905	18,749
Deferred tax liability	31,321	25,377
Total liabilities	49,226	44,126
Shareholders' Capital	989,442	364,250
Reserves	174,974	-
Deficit	(243,709)	(28,272)
Shareholders 'Equity	920,707	335,978
Total Liabilities and Shareholders' Equity	969,933	380,104

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1.4 – Results of Operations

	Three Months Ended February 28, 2019	Nine Months Ended February 28, 2019	Incorporation on February 19, 2018 to February 28, 2018
	\$	\$	\$
General and administrative expenses			
Consulting	-	3,000	-
Insurance	482	482	-
Management fees	15,000	15,000	-
News releases	2,488	2,488	-
Office and miscellaneous	3,305	5,120	213
Professional fees	8,337	24,785	352
Regulatory fees	-	328	-
Rent	1,500	1,500	-
Stock based compensation	-	146,424	-
Travel and promotion	1,260	1,310	-
Website	-	3,000	-
Loss before income taxes	32,372	203,437	565
Deferred tax expense	-	12,000	-
Net loss and comprehensive loss for the period	32,372	215,437	565

No cash dividends have been paid during the period from incorporation on February 19, 2018 to February 28, 2019.

Operations during the nine months ended February 28, 2019 were primarily related to obtaining the necessary financing, as well as conducting the initial exploration program on the Olivine Property. Please see disclosure under “Olivine Mountain Property, Similkameen Mining Division, British Columbia”.

There were no investor relations arrangements entered into during the period ended February 28, 2019. There were no legal proceedings, contingent liabilities, and defaults under debt or other contractual obligations, breach of any laws or special resolutions during the period ended February 28, 2019, other than as noted (see Related Party transactions)..

For the nine months ended February 28, 2019, the Company incurred operating expenses of \$211,756. The Company incurred a consulting fee in the amount of \$3,000. The Company acquired Director and Officer Liability Insurance during the period and expensed \$482 to operations. Office and miscellaneous expenditures were incurred for bank fees and interest, general office and telephone expenses in the amount of \$5,120 in connection with the maintenance of its office. Professional fees of \$24,785 included \$10,700 incurred for audit services in connection with the Company’s annual audit, fees for legal and corporate

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services of \$4,085 and fees paid to the Company's Chief Financial Officer for services rendered to the Company in the amount of \$10,000. Regulatory fees paid to maintain the Company's listing on the TSX Venture Exchange amounted to \$328. Share based compensation is associated with the vesting of benefits upon the granting of incentive stock options to officers' directors and consultants in accordance with the Company's stock option plan. The Company accrues share-based payments over vesting periods associated with each grant. The Company entered into a monthly office lease agreement commencing February 1, 2019 at a rate of \$1,500 per month. During the nine months ended February 28, 2019 the Company granted 900,000 incentive stock options immediately upon the listing of the Company's shares on the TSX Ventures Exchange. The options vested immediately, and the Company recorded stock-based compensation to profit and loss in the amount of \$146,424 (see "Stock Options"). Travel and promotion expenditures were incurred primarily in connection with the Company's attendance at the Toronto PDAC conference. The Company also incurred \$3,000 with respect to maintaining its website. Deferred tax in the amount of \$12,000 was recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The Company will undertake to incur (or be deemed to incur) sufficient CEE that qualify as "flow-through mining expenditures" (for purposes of the Tax Act), on or before December 31, 2019 so as to enable the Company to renounce, effective on or before December 31, 2018, in favour of subscribers of FT Shares, an amount equal to the aggregate purchase price for the FT Shares paid by such subscriber.

In the event that the Company does not incur (or is not deemed to have incurred) CEE on or before December 31, 2019 in an amount at least equal to the amounts renounced with respect to the FT Shares to the purchasers of FT Shares, the Company will be required to reduce the amount of CEE renounced to the Holders and the Holders' income tax returns for the years in which the CEE was claimed will be reassessed accordingly. A Holder that is an individual will not be subject to any penalties for any such reassessment and will not be subject to any interest charges for any additional taxes payable if such taxes are paid by the individual Holder on or prior to April 30, 2020.

1.5 – Summary of Quarterly Results (Unaudited)

The following table sets out selected quarterly information for the eight most recent quarters:

Fiscal quarters ended in Fiscal year ended May 31, 2019		February 28, 2019 \$	November 30, 2018 \$	August 31, 2018 \$
Sales or Revenue		-	-	-
Income (loss)		(32,372)	(170,822)	(12,243)
Income (loss) per common share (Basic and Diluted)		(0.01)	(0.03)	(0.00)
Fiscal quarters ended in Fiscal year ended May 31, 2018	May 31, 2018 \$	February 28, 2018* \$		
Sales or Revenue	-	-		
Income (loss)	(27,707)	(565)		
Income (loss) per common share (Basic and Diluted)	(0.01)	(565)		

- For the period from Incorporation on February 19, 2018 to February 28, 2018.

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1.6 – Liquidity

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2019 the Company had a cash balance of \$593,351 (May 31, 2018 - \$244,452) to settle accounts payable and accrued current liabilities of \$6,641 (May 31, 2018 - \$5,925), and due to related parties of \$11,264 (May 31, 2018 - \$12,824). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

During the nine months ended February 28, 2019, cash used in operating activities was \$93,897, cash used in investing activities was \$(173,555), cash derived from financing activities was \$(616,351).

Shareholder's equity as at February 28, 2019 was \$920,707 (May 31, 2018 - \$335,978). The Company will need to raise additional sources of funding to maintain operations at the currently level. The Company has raised share capital of \$364,250 during the period from incorporation on February 19, 2018 to May 31, 2018. The Company raised \$616,351, net of share issue costs pursuant to an Initial Public Offering that closed on November 29, 2018. Although the Company has been successful in the past in rising the necessary funding to continue operations, there can be no certainty it will be able to do so in the future.

On February 23, 2018, the Company entered into the Olivine Option Agreement to acquire a 100% interest in 25 mining claims located in the Similkameen Mining District of British Columbia. To acquire the 100% interest, the Company must make cash payments of \$105,000 (of which \$35,000 is paid to February 28, 2019), issue 200,000 of the Company's Common Shares (issued) and spend aggregate of \$300,000 minimum exploration expenditures of which all has been expended as of February 28, 2019). See "Olivine Mountain Property".

1.7 – Capital Resources

The capital resources of the Company as at February 28, 2019 are primarily its cash of \$593,351. The Company has raised sufficient funds to conduct any anticipated operating expenses, to conduct exploration programs or for future acquisitions. The Company will require additional financing to fund future projects. The Company anticipates funding future expenditures additional equity subscriptions, such as private placements or through the exercise of warrants and options. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or for the amounts desired or that it can be obtained on terms acceptable to the Company and its shareholders.

If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced, and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's Common Shares.

1.8 – Off Balance Sheet Arrangements

As at February 28, 2019, there were no off-balance sheet arrangements to which the Company was committed.

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1.9 – Transactions with Related Parties

During the nine months ended February 28, 2019, the Company has the following related party transactions:

- (a) On December 1, 2018 the Company entered a contract for service agreement with Max Investments Inc., a company controlled by a Christopher Dyakowski, Director and Chairman of the Board for \$2,000 per month. During the nine months ended February 28, 2019 the Company paid or accrued management fees in the amount of \$6,000 to Max Investments Inc.. Included in exploration and evaluation assets is \$13,577 (May 31, 2018 - \$14,532) paid or accrued during the nine months ended February 28, 2019 to Max Investments Inc. for project management services and \$6,000 for fieldwork paid by Max Investments Inc. to Christopher Dyakowski. Included in accounts payable at February 28, 2019 is \$11,264 (May 31, 2018 - \$12,441) due to Max Investments Inc..
- (b) On December 1 2018 the Company entered a contract for service agreement with the Company's Chief Executive Officer, Simon Dyakowski, to provide management services for \$3,000 per month. During the nine months ended February 28, 2019 the Company paid or accrued management fees in the amount of \$9,000 to the Simon Dyakowski. Included in accounts payable as at February 28, 2019 is \$ Nil (May 31, 2018 - \$383) due to the Simon Dyakowski.
- (c) Included in professional fees is \$10,000 and included in share issue costs is \$7,500 paid during the nine months ended February 28, 2019 to the Company's Chief Financial Officer, Kenneth Phillippe, for services rendered to the Company.

During the nine months ended February 28, 2019 the Company issued 800,000 options to directors and officers pursuant to its stock option plan. See "Stock options".

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

1.10 – Fiscal Quarter ended February 28, 2019

During the three months ended February 28, 2019, the Company incurred operating expenses of \$32,372 including management fees paid to Simon Dyakowski the Company's Chief Executive Officer, of \$9,000 and management fees in the amount of \$6,000 paid to Max Investments Inc, a company controlled by Christopher Dyakowski, a Director and Chairman of the Board. The Company acquired Director and Officer liability insurance and expensed \$482 to operations during the period. The Company incurred \$2,488 for news releases during the period Office and miscellaneous expenses in the amount of \$3,305 were incurred for bank fees, general office maintenance and telephone expenses in the period. Professional fees included \$2,337 for legal services and \$6,000 paid to the Company's Chief Financial Officer for services rendered. The Company entered into a monthly office lease agreement commencing February 1, 2019 at a rate of \$1,500 per month. Regulatory fees in the amount of \$328 for filing and transfer agent fees were incurred for maintenance of the Company's listing on the TSX Venture Exchange. During the period the Company incurred \$1,260 for travel and promotion, primarily incurred in connection with attendance at the Toronto PDAC conference.

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1.11 – Proposed Transactions

With the exception of the property option agreement for the Olivine Property and the Offering described above, the Company has no pending or proposed transactions at February 28, 2019.

1.12 – Critical Accounting Estimates

The Company has outlined the basis of its critical accounting estimates in Note 3 of the February 28, 2019 Unaudited Financial Statements.

1.13 – Changes in Accounting Policies – International Financial Reporting Standards (“IFRS”)

The Company has not yet applied the following new standards, interpretations or amendments to standards that have been issued as at February 28, 2019 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations and intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material, unless otherwise stated.

Changes in Accounting Policies

New accounting standards effective for annual periods on or after January 1, 2018:

IFRS 9 Financial instruments (“IFRS 9”)

IFRS 9, issued on July 24, 2014, is the IASB’s replacement of IAS 39, Financial Instruments: Recognition and Measurement (IAS 39”). IFRS 9 introduces new requirements for the classification and measurements of financial assets. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities and amends the impairment model by introducing a new “expected credit loss” model for calculating impairment. It also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. The Company currently does not practice hedge accounting but will continue to evaluate the impact of the change to the consolidated financial statements based on the characteristics of financial instruments outstanding at the time of adoption of IFRS 9.

IFRS 16, Leases (“IFRS16”)

IFRS 16 was issued on January 13, 2016 and replaces the current guidance in IAS 17, Leases (“IAS17”). IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS16’s approach to lessor accounting substantially unchanged from IAS17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted.

Other new standards or amendments are either not applicable or not expected to have a significant impact on the Company’s financial statements.

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1.14 – Financial Instruments and Other Instruments

The Company's financial instruments are exposed to certain financial risks, including liquidity risk, credit risk and interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. Refer to note 1 for further details related to the ability of the Company to continue as a going concern. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2019, the Company had a cash balance of \$593,351 (May 31, 2018 - \$244,452) to settle accounts payable and accrued liabilities of \$17,905 (May 31, 2018 - \$18,749). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. Cash is held with reputable banks in Canada. The long-term credit rating of these banks, as determined by Standard and Poor's, was A+.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. An immaterial amount of interest rate exposure exists in respect of cash balances on the statement of financial position. As a result, the Company is not exposed to material cash flow interest rate risk on its cash balances.

Fair value hierarchy

The Company applied the following fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company's financial instruments are cash and accounts payable and accrued liabilities. Cash is measured at fair value and is considered to be Level 1 instruments.

Financial instruments that are not measured at fair value are represented by other receivable and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying value due to their short-term nature.

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1.15 – Other MD&A Requirements

Share Capital

Disclosure of Outstanding Share Data

i) Authorized: Unlimited common shares without par value

ii) Issued and outstanding:

	Issue Price	Number of Shares	Gross Proceeds
Incorporation	\$ -	-	\$ -
Private placement	\$0.005	1,850,000	\$ 9,250
Private Placement – flow through	\$ 0.05	2,300,000	\$ 115,000
Private Placement	\$ 0.10	2,400,000	\$ 240,000
Total as at May 31, 2018		6,550,000	\$ 364,250
Initial Public Offering	\$ 0.20	2,776,500	\$ 555,300
Initial Public Offering - flow through	\$ 0.25	1,000,000	\$ 250,000
Flow through premium			\$ (50,000)
Share issue costs			\$ (165,808)
Initial Public Offering - agent commission	\$ 0.20	75,000	\$ 15,000
Issued for Olivine Mountain Property	\$ 0.175	200,000	\$ 35,000
Total as at February 28, 2019		10,601,500	\$ 989,442

As at February 28, 2019, 10,601,500 (May 31, 2018 – 6,550,000) common shares with no par value were issued and outstanding.

During the period from incorporation on February 19, 2018 to May 31, 2018 the Company completed the following private placements and issued Common Shares of the Company (the “Shares”) as follow:

- 1,850,000 Shares at a price of \$0.005 per Share for gross proceeds of \$9,250.
- 2,300,000 flow-through Common Shares of the Company (the “FT Shares”) at a price of \$0.05 per FT Share for gross proceeds of \$115,000. Each FT Share is a Common Share of the Company that qualifies as a “flow-through share” within the meaning of the Tax Act.
- 2,400,000 Shares at \$0.10 per Share for gross proceeds of \$240,000.

On November 29, 2018, the Company completed an Initial Public Offering (“IPO”, “Offering”), whereby the Company issued an aggregate of 2,776,500 Common Shares of the Company (the “Shares”) at a price of \$0.20 per Share for gross proceeds of \$555,300 and 1,000,000 flow-through Common Shares of the Company (the “FT Shares”) at a price of \$0.25 per FT Share for gross proceeds of \$250,000. Each FT Share is a Common Share of the Company that qualifies as a “flow-through share” within the meaning of the Tax Act.

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The Company paid the agent a corporate finance fee of \$15,000 cash plus 75,000 common shares of the Company. The Company also incurred and paid to the Agent reasonable expenses associated with the offering in the amount of \$32,000.

On February 12, 2019 the Company issued 200,000 common shares pursuant to the acquisition of the Olivine Mountain Property. See "1.2 – Overall Performance – Olivine Mountain Property".

As at February 28, 2019 the Company recognized a deferred tax asset of \$56,056 (May 31, 2018 - \$Nil) through share capital in respect of the share issuance costs.

iii) Escrow Shares

As at February 28, 2019 the Company has 5,895,000 common shares held in escrow. These common shares held in escrow are released as follows:

- 10% were released on the date the Company's securities are listed on a Canadian exchange (655,000 released on November 29, 2018); and
- 15% (982,500 common shares) released every six months thereafter, subject to acceleration provisions provided for in National Policy 46-201 – *Escrow for Initial Public Offerings*.

iii) Flow-through shares

During the fiscal year ended May 31, 2018 the Company issued 2,300,000 common shares on a flow-through basis at a price of \$0.05 per share for gross proceeds of \$115,000.

The Company renounced the total proceeds of \$115,000 as of December 31, 2018. As at February 28, 2019, the Company has incurred \$115,000 of qualified expenditures.

On November 29, 2018, the Company completed an initial public offering of its shares and issued 1,000,000 common shares on a flow-through basis at a price of \$0.25 per share for gross proceeds of \$250,000 (see "Issued and Outstanding" above) and recognized a liability on flow-through share of \$50,000.

The Company renounced the total proceeds of \$250,000 as of December 31, 2018. As at February 28, 2019, the Company has incurred approximately \$134,000 of qualified expenditures. The Company has \$116,000 unspent flow-through proceeds.

iv) Agent warrants

	Number Outstanding	Exercise Price	Expiry Date	Remaining Life
November 29, 2018	302,120	\$0.20	November 29, 2020	2.00 years

On November 29, 2018, upon the closing of IPO (see "Issued and Outstanding" above), the Company paid a cash commission of 8% of the aggregate gross proceeds of the Offering to the agent in the amount of \$64,424. The Company also issued 302,120 agent warrants. Each warrant

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is exercisable to purchase an additional common share of the Company at a price of \$0.20 per share on or before November 29, 2020.

The fair value of warrant granted was \$0.09 per warrant as estimated using Black-Sholes option pricing model for a cumulative total of \$28,550, which was recorded against contributed surplus. The following assumptions were used in the Black-Sholes model to determine the fair value of the warrants granted were as follows:

Risk-free interest rate	2.05%
Expected dividend yield	-
Expected Volatility	87%
Expected terms in years	2 years

v) Stock options

The Company's Plan allows the directors to grant stock options to directors, officers, employees and consultants to purchase up to a total of 10% of the issued and outstanding common shares, provided that stock options in favour of any one individual may not exceed 5% of the issued and outstanding common shares, calculated at the date of the grant. No more than an aggregate of 2% of the issued shares of the Company, calculated at the date the option is granted, may be granted to all employees, and no more than an aggregate of 2% may be granted to all employees and/or consultants conducting investor relates activities. No stock option granted under the Plan is transferable by the optionee other than by will or the laws of descent and distribution, and each stock option is exercisable during the lifetime of the optionee only by such optionee.

The exercise price of all stock options granted under the Plan must not be less than the Discounted Market Price (the last closing price of the listed shares before the date of the grant less the applicable discount), and the maximum term of each stock option may not exceed ten years. Vesting is provided at the discretion of the directors and once vested; options are exercisable at any time.

On November 29, 2018 the Company granted 900,000 incentive stock options to directors, officers and consultants, vesting immediately and exercisable on or before November 29, 2023 at a price of \$0.20 per share.

	Number Outstanding	Exercise Price	Expiry Date	Remaining Life
November 29, 2018	900,000	\$0.20	November 29, 2023	4.75 years

The fair value of the options granted was \$0.16 per warrant as estimated using Black-Sholes option pricing model for a cumulative total of \$146,424, which was recorded as share-based compensation expense in the statement of loss and comprehensive loss. The following assumptions were used in the Black-Sholes model to determine the fair value of the warrants granted were as follows:

Risk-free interest rate	2.07%
Expected dividend yield	-
Expected Volatility	115.5%
Expected terms in years	5 years

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Directors and officers	Position	# of options	Share based compensation
Simon Dyakowski	CEO & Director	300,000	\$ 48,808
Christopher Dyakowski	Director	200,000	32,538
Kenneth Phillippe	CFO	100,000.	16,269
Jordan Trimble	Director	100,000.	16,269
Justin Kates	Director	100,000	16,269.
		800,000	\$ 130,154
Consultants			
Nicholas Ayling	Consultant	60,000	9,761
Ben Grant	Consultant	40,000	6,507
		900,000	\$ 146,424

See "1.16 – Subsequent Event".

1.16 – Subsequent event

Subsequent to February 28, 2019 the Company granted 75,000 incentive stock options to a consultant, exercisable on or before April 11, 2024 at a price of \$0.20 per share.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS OR IPO VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE AND JUNIOR ISSUERS

See "1.2 – Overall Performance – Olivine Mountain Property" for a breakdown of the material components of exploration and evaluation assets expenditures.

See "1.4 – Results of Operations" for a breakdown of the material components of general and administrative expenditures.

RISK FACTORS AND UNCERTAINTIES

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties, currently in British Columbia, Canada. Due to the nature of the Company's business and the present stage of exploration of its mineral properties (which are primarily early stage exploration properties with no known resources or reserves), many risk factors will apply. The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company may also impair the business operations.

Going Concern and Financing Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

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Insufficient Financial Resources

The Company does not presently have sufficient financial resources to meet obligations when they become due, undertake by itself the acquisition, exploration and development of all of its planned acquisition, exploration and development programs. Future property acquisitions and the development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing, short or long term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties.

General Economic Conditions

The recent events in global financial markets have had a profound impact on the global economy. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. These factors could have a material adverse effect on the Company's financial condition and results of operations.

Share Price Volatility

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of our Company. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

Dependence on Others and Key Personnel

The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its mineral properties; (ii) the ability to produce minerals from any mineral deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities.

Government Regulation

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to prospecting, development, production, environmental protection, mining taxes, labor standards, property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable

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environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Competition

The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

Fluctuation of Metal Prices

Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

Title Matters

Although the Company has taken steps to verify the title to the mineral properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers and may also be affected by undetected defects or the rights of indigenous peoples. Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties for which titles have been issued are in good standing.

Uncertainty of Resource Estimates/Reserve

Unless otherwise indicated, mineralization figures presented in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by Company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable.

Limited Experience

The Company has very limited experience in placing mineral resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource properties into production.

Speculative Business

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Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There is no known resource, and there are no known reserves, on any of the Company's properties.

Permits and Licenses

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out its projects, on reasonable terms or at all. Delays, or a failure to obtain such licenses and permits, or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

Dilution to the Company's Existing Shareholders

The Company will require additional equity financing to be raised in the future. The Company may issue securities at less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.