

**CLARITY GOLD CORP.**  
**(formerly 1222991 B.C. Ltd.)**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**THREE MONTHS PERIOD ENDED MARCH 31, 2020**

---

## **SUMMARY OF BUSINESS ACTIVITIES**

---

The following financial and operational highlights occurred during the three months period ended March 31, 2020, and to the date of this report of May 28, 2020:

- The Company received gross proceeds of \$40,000 from the issuance of 400,000 common shares from a completed private placement on February 13, 2020.
- The Company paid \$25,000 representing the first 50% of a corporate finance fee, and \$25,000 in due diligence costs in relation to the proposed Initial Public Offering. These expenditures were recorded as deferred financing costs.
- The Company is currently conducting its Initial Public Offering (the "IPO") whereby it is offering a minimum of 4,770,000 and a maximum of 6,000,000 common shares at \$0.175 per common share for minimum gross proceeds of \$834,750 and maximum gross proceeds of up to \$1,050,000 with the securities regulatory authorities in the Provinces of British Columbia, Alberta and Ontario for its IPO.

## **OVERVIEW**

---

The following management discussion and analysis ("MD&A"), prepared on May 28, 2020, should be read in conjunction with the condensed interim financial statements for the three months period ended March 31, 2020. All amounts are stated in Canadian Dollars unless otherwise indicated. These financial statements together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of Clarity Gold Corp. ("the Company").

Information contained in this MD&A that is not historical fact may be considered "forward looking statements." These forward-looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Company's objectives, goals or plans are forward looking statements. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors, including such variables as new information, changes in demand for commodity prices, legislative, environmental and other regulatory or political changes, competition in areas where the Company operates, and other factors discussed herein. Readers are cautioned not to place undue reliance on this forward-looking information.

Additional information related to the Company is available by requesting it from the Company's head office in Vancouver.

## **DESCRIPTION OF BUSINESS**

---

Clarity Gold Corp. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on September 11, 2019. On November 1, 2019 the Company changed its name from 1222991 B.C. Ltd. to Clarity Gold Corp. The Company's head office and registered office are located at 223-1231 Pacific Boulevard, Vancouver, BC, V6Z 0E2.

The Company is currently evaluating its exploration and evaluation asset and has not determined whether its projects contain reserves that are economically recoverable. The recoverability of amounts recorded for the exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves. The Company's future capital requirements depend on many factors, including costs of exploration and development of the exploration and evaluation assets, cash flow from operations, costs to complete additional exploration, competition and global market conditions.

The Company is offering a minimum of 4,770,000 and a maximum of 6,000,000 common shares at \$0.175 per common share for minimum gross proceeds of \$834,750 and maximum gross proceeds of up to \$1,050,000

with the securities regulatory authorities in the Provinces of British Columbia, Alberta and Ontario for its IPO for its IPO.

## RESOURCE PROPERTY

---

### CANADA

#### Empirical Project

The Empirical Project (“Empirical”) consists of 3 unpatented mineral claims totaling 5,401.36 hectares which are located in the Lillooet Mining Division of British Columbia, Canada. The Empirical claims are recorded with British Columbia’s Mineral Titles Online as being owned by James Rogers, the Company’s Director and CEO as bare trustee in favour of the Optionor pursuant to the terms of a Bare Trust agreement dated April 8, 2019 between the Optionor and Mr. Rogers.

Pursuant to the terms of the Option Agreement (the “Agreement”), the Company can earn a 100% interest in Empirical by making the following payments to the Optionor:

Terms and Due Dates
Issue 2,000,000 common shares by October 22, 2019 (issued at a value of \$10,000)
Pay \$50,000 within 5 days of the common shares being approved for listing on a stock exchange
Incur a minimum of \$80,000 in exploration costs on Empirical by October 1, 2020 (incurred)
Incur a minimum of \$200,000 in exploration costs on Empirical by October 1, 2021
Grant a 2% net smelter royalty (“NSR”) to the Optionor upon exercise of the Agreement

The NSR is payable following commencement of commercial production. The Company has the right to reduce the NSR from 2% to 1% at any time prior to commencement of commercial production by paying \$1,500,000 to the Optionor.

In addition to the terms outlined above, the Agreement contains a 5 km area of influence provision pursuant to which any claims staked by the Company within 5 km of the Empirical property boundary will automatically be included as part of the Agreement and subject to the 2% NSR.

#### *Property Description*

The Property lies just to the east of Mount Brew within the Pacific Ranges which are the southernmost subdivision of the Coast Mountains. They run northwest from the lower stretches of the Fraser River to Bella Coola and Burke Channel and include 4 of the 5 major coastal icecaps in the Southern Coast Mountains. The icecaps are the largest temperate-latitude icecaps in the world and feed a number of major rivers (by volume). The highest peak in the Pacific Ranges is Mount Waddington at an elevation of 4,019 m.

The area encompasses a series of barren ridges rising to an elevation of 2,200m and interwebbing valleys and alpine meadows. Elevations over the Property ranges from 1,250 m in the valley of Enterprise Creek to over 2,591 m on Mount Bew.

The Property can be accessed west of Lillooet on Route 99 via an old logging road that partially follows Enterprise Creek from Duffy Lake Road and onto the Empirical 1 claim block. Texas Creek road is also accessible via Route 99 and runs between 1 and 2 km from the property’s edge along its eastern border. Currently the Property does not have road access within the Property boundaries and the topography is steep and rugged, therefore helicopter access for exploration would be the most practical means of access. Helicopter service is available from Lillooet, BC.

The Property is predominantly underlain by low-grade metamorphosed sediments of the Jurassic-Cretaceous Relay Mountain Group (previously referred to as Lillooet and Brew Groups by Duffell and McTaggart in 1951). These rocks have been intruded by granodiorite and quartz-diorites of the Cretaceous or later. The Relay Mountain Group consists mainly of banded argillite, impure quartzite, boulder conglomerate, and contains marine fossils of early Lower Cretaceous age. Marshall Creek Fault trends northwest across the Property and divides the Relay Mountain Group of rocks from the Permian-Jurassic Bridge River Group of metasedimentary rocks. Along the Marshall Creek fault is a large area of carbonate alteration within the greenstones on the southwest side of the fault, and pervasive shear zones approximately 5-30 cm wide (Grextan & Bruland, 1988). Intruding into the Bridge River Complex, south of Reilly Creek and lying between the Marshall Fault and the Lillooet Fault, is a narrow band of Tertiary granodiorite.

Faulting is prevalent in the region with both Marshall Creek fault and Lillooet fault (splays from the Fraser River Fault System) crossing the property. The area between Towinock Creek and Spray Creek is extensively faulted and gently folded. The locally major, northwesterly trending fault crossing the Property was referred to as the Tow Fault by Hollister (1979). The faults follow a predominant northwesterly trend, however north-easterly, northerly, and easterly trends have also been observed on the Property. Movement along the faults appear to be predominantly dextral and the age of the faulting is uncertain. However, movement appears to have occurred post-dacite emplacement as dyke swarms have been shattered along the Tow fault line (McKillop, 1979).

A large 200 +m thick quartz-diorite boss intrudes the metasediments on the south fork of Towinock Creek which includes both porphyritic and granitic textures (McKillop, 1986). Results from Duval's 1979 work program reported that the boss was largely devoid of magmatic orthoclase, but contained variable amounts of quartz, biotite, hornblende and plagioclase (Hollister, 1979).

The boundaries of two small Cretaceous/Tertiary quartz diorite sills south of Spray Creek were refined by Hollister in 1979, however the bosses were so altered by ground water the precise mineralogy could not be determined. Numerous north-easterly trending, fine-grained dacite dykes were found between these sills and described as fresh mixtures of quartz and plagioclase with lesser orthoclase and mica-believed to be differentiates of the quartz-diorite sills (Hollister, 1979; McKillop, 1979). Dyke swarms are vertical to steep, west-dipping and reportedly occur parallel to the major faults on the property suggesting that the emplacement was structurally controlled (McKillop, 1979; McKillop, 1986). Metamorphic grade of rocks also increased at higher elevations suggesting that reverse faulting may be present in the claims area (McKillop, 1979).

The northern most quartz diorite boss (south of Towinock Creek) was reported by Hollister (1979) to show zones of potassic and phyllic alteration with areas of erratic pyritization occurring throughout. However, this was not confirmed by McKillop during the follow-up program of the same year. The follow-up program did suggest that the sericite and biotite alteration observed within the quartz-diorite boss may be related to a north-westerly trending set of quartz veins, as alteration appeared to decrease with increasing distance from the veins (McKillop, 1979). Quartz veins vary from 0.3cm to approximately 1m in width and are predominantly sub-parallel to faulting, however many other directions were also reported (McKillop, 1979). Composition of quartz veins in order of decreasing abundance: pyrrhotite, pyrite, molybdenite, and chalcocopyrite (McKillop, 1979).

The southern quartz diorite bosses (south of Spray Creek) were reportedly strongly pyritized, however due to extensive weathering it was no longer possible to categorize hypogene alteration stages at the surface (Hollister, 1979).

The Property is likely associated with a widespread hydrothermal Cu-Au-Mo porphyry style deposit. The mineralized zones are believed to be located within quartz diorite stockworks located just south of Towinock Creek near the Tow Showing and just south of Spray Creek near the Spray Occurrence. This area is underlain by a thick sequence of schistose argillites of the Jurassic-Cretaceous Relay Mountain Group which have been intruded by porphyritic quartz diorite stocks (MINFILE: 092INW090). The porphyritic quartz-diorite stocks, and to a lesser degree, the enclosing sediments have undergone multiple episodes of fracturing and related quartz veining providing the pathways for sulphide mineralization.

The formation of this style of deposit is related to orogenic belts at convergent plate boundaries (subduction-related magmatism), or extension settings related to strike-slip faulting or back arc spreading during continent margin accretion (Panteleyev, 1995). It is generally recognised that Cu-Au-Mo porphyry deposits are associated with granodiorite, quartz monzonite, quartz diorite granitoid rock types. Cu-Au-Mo porphyries tend to occur as large zones of hydrothermally altered host rock and are closely related to island-arc volcano-plutonic suites. Composition of intrusions range from basalt-andesite volcanic and gabbro-diorite-quartz-diorite associations. These deposits are characterized by quartz stockworks, veins, sulphide bearing veins (pyrite, chalcopyrite, bornite, with lesser molybdenum), closely spaced fractures and fracture selvages. These subvolcanic intrusions are commonly emplaced by multiple successive intrusive phases and a wide variety of breccias. Grain size may range from coarse-grained phaneritic to porphyritic stocks, batholiths and dike swarms.

The timing of gold mineralization within these systems can be early or late and is related to magmatic or circulating meteoric waters. Early gold mineralization is closely associated with the potassic alteration zone and bornite and late mineralization is associated with pyrite and either sericitic, advanced argillic or skarn-destructive argillic alteration (Gendall, 1994). These deposits may be present in stockwork veins, skarns, or as carbonate and non-carbonate replacement (Gendall, 1994). Copper-gold style porphyries tend to be smaller in size compared to copper-molybdenum style porphyries (Gendall, 1994). Regional structures and structural lineaments act as mineralization controls in these systems and therefore the degree of fracturing and veining tends to favour the concentration of Cu and Au in these areas (Gendall, 1994; Panteleyev, 1995).

Mineralized zones occur at depths of 1 km or less and are mainly associated with the development of brecciated zones or preferential replacement in host rocks with a high degree of primary permeability (Panteleyev, 1995). Ore-grade stockworks are linked to zones of intensely developed fractures that are coincident or intersect multiple fracture sets. Propylitic alteration halo is widespread and generally surrounds an early potassic alteration core (which is commonly well mineralized). Overprinting of early mineralization by younger mineralized phyllic alteration is also common. Pyrite is typically the predominant sulphide mineral, and the predominant ore minerals are chalcopyrite, molybdenite, lesser bornite and rare (primary) chalcocite. Subordinate minerals include tetrahedrite/tennantite, enargite and minor gold, electrum and arsenopyrite.

These deposits can be of the silica-oversaturated, silica-saturated and silica-undersaturated subtypes based on the modal composition of the associated alkalic intrusions and to a lesser extent on alteration (Lang & McLaren, 2003). The Property shows characteristics consistent with that of a silica-oversaturated alkalic copper-gold porphyry deposit on the basis of abundant quartz-sulphide veins, siliceous alteration, widespread, but weak sericitic alteration, and the presence of strong molybdenum mineralization, however the quartz-normative composition has not been reported in historical reports (Lang & McLaren, 2003). This particular style of deposit is favourable because, on average, they contain a greater tonnage of mineralization compared to other alkalic copper-gold porphyry types. Significant examples of silica-oversaturated alkalic copper-gold-molybdenum deposits include Goonombia/North Parks and Cadia-Ridgeway in Australia and Skouries in Greece (Lang & McLaren, 2003).

### *2019 Exploration Program*

Longford Exploration was commissioned by the Company to carry out an exploration program on the Property. Longford Exploration mobilized a crew of four from Vancouver, British Columbia on October 4, 2019 to carry out a 7-day geological mapping, prospecting and sampling program. The field program ran from October 5, 2019 to October 12, 2019 with the crew being dispatched from the Lillooet Blackcomb Helicopter base or utilizing the Texas Creek forest service road for access.

The program was a first pass exploration plan designed to assess the Property's potential for gold and copper mineralization and verify historical results and previous workings. A total of 102 rocks and 50 soil samples were collected during the program.

### 2019 Rock Sampling

Prospecting activities focused on locating structures, contacts, mineralization and observed lithologies, particularly in the area surrounding the Towinock and Spray showings of quartz-diorite sills where previous work (MINFILE: 092INW090 and 092INW088) reported samples returning values of 2,100 ppb Au over 3 m in DDH-CH81-3, 3,670 ppb Au over 21 m, and a 3 m interval grading 7,860 ppb Au in DDH-CH81-4 (Price & Ditson, 1986).

Given the steep terrain and snow, crews sampled along the outcropping quartz diorite found on the ridges of the Towinock and Spray sills. To the north of Towinock Creek, a third, poorly explored, quartz diorite Riley sill was explored and prospected briefly but due to deep snow and cliffs the area was left for future exploration in better conditions. Focus was given to drill collar locations of DDH-81-03 and DDH-81-04 which intercepted 3.00 m and 21.00 m at 2.10 g/t and 3.67 g/t Au during a 1981 program. Historical drill hole collars were identified, and core box stashes were found and prospected for mineralization. The condition of the historic core and boxes is well preserved with some sample tags still legible; future programs might spend time to relog and resample this core.

### 2019 Rock Results Overview

The table below highlights the average, maximum and minimum values returned by the talus fine.

#### Statistical Analysis of 2019 Property Exploration Program Results

	<b>Au (ppb)</b>	<b>Ag (ppm)</b>	<b>Cu (ppm)</b>	<b>Mo (ppm)</b>	<b>Pb (ppm)</b>	<b>Zn (ppm)</b>
Mean	42.82	0.51	39.45	40.87	5.85	125.76
Median	0.80	0.10	34.85	3.70	2.70	57.50
Mode	0.25	0.05	30.80	0.20	1.50	49.00
Max	3,175.40	31.90	117.50	513.00	2.00	5,093.00
Min	0.25	0.05	3.20	0.05	0.40	2.00

### 2019 Talus Fine Sampling

50 talus fine samples were collected across the Spray sill saddle in the vicinity of the historic insoil copper/gold anomalies. Select samples were taken in proximity to areas of historic sampling to verify historically reported analytical results, as well as to the North West and South East of historic samples to test for an extension of highly anomalous results.

### 2019 Talus Fine Results Overview

The table below highlights the average, maximum and minimum values returned by the talus fine samples.

#### Statistical Analysis of 2019 Property Exploration Program Talus Fines/Soil Results (n=50)

	<b>Au (ppb)</b>	<b>Ag (ppm)</b>	<b>Cu (ppm)</b>	<b>Mo (ppm)</b>	<b>Pb (ppm)</b>	<b>Zn (ppm)</b>
Mean	13.19	0.65	191.20	131.79	21.78	976.86
Median	7.50	0.45	168.40	32.85	14.35	682.50
Mode	1.60	0.20	149.80	13.70	14.10	375.00
Max	88.80	4.50	426.10	748.00	117.90	6,845.00
Min	1.00	0.10	54.40	6.70	5.10	137.00

### 2019 Program Summary

During the 2019 Property exploration program identified a strongly bedded sequence of meta-sedimentary rocks intruded by quartz diorite and dacite sills/dykes and subsequently folded and faulted on the property. Later intrusions of andesite-dacite feldspar porphyry and basaltic dykes were also observed followed by a lessor folding and faulting event. Metasedimentary rocks observed consisted of locally dominant, argillite with siltstone, phyllite and calcite-chlorite sub schist and minor quartzite and chert. Most sedimentary/volcanic derived rocks were weakly calcareous, with or without calcite-ankerite lenses and laminae. More massive, dark grey-black (graphitic) argillite and intrusive rocks were observed to be non-calcareous. The pervasive, moderately to strongly hornfelsed character of the metasedimentary and volcanic rocks masked the local effects of sill and dyke emplacement. Mineralization was primarily observed in 2-10 cm wide quartz veins and fracture surfaces in the medium to coarse grained light grey quartz diorite found at the Towinock and Spray sills. Blebs of sulphides were found within quartz veins and disseminated throughout the vein selvages with visible pyrite, chalcopyrite, trace sphalerite, black to red gossanous weathered material and minor molybdenum.

The table below highlights the number of rock and soil/talus samples collected on the Property which fall within the typically anomalous range.

<b>Statistical Analysis of 2019 Property Exploration Talus Fines/Soil Results (n=50)</b>					
	<b>Crustal Abundance</b>	<b>Typical Anomalous Conc in Rock</b>	<b>No. of Rock Samples within anomalous range</b>	<b>Typical Anomalous Conc in Soil</b>	<b>No. of Soil/Talus Fine Samples within anomalous range</b>
Au	4 ppb	50-100 ppb	2	40-100 ppb	4
Ag	70 ppb	0.5-1 ppm	8	0.2-0.5 ppm	48
Cu	55 ppm	100-200 ppm	3	50-200 ppm	50
Pb	13 ppm	40-100 ppm	0	40-100 ppm	4
Zn	70 ppm	100-500 ppm	20	200-300 ppm	48
Mo	1.5 ppm	5 to 20 ppm	50	2 to 5 ppm	50
W	1.5 ppm	10 to 50 ppm	1	2 to 10 ppm	0
Ni	75 ppm	100-200 ppm	2	100-200 ppm	1
As	1.8 ppm	5 to 10 ppm	41	5 to 20 ppm	50

### **QUALIFIED PERSON STATEMENT**

All scientific and technical information contained in this MD&A was reviewed by Rory Kutluoglu, P. Geo., who is a Qualified Person as defined in NI 43-101.

### **RESULTS OF OPERATIONS**

*Three months period ended March 31, 2020*

During the period ended March 31, 2020 ("2020"), the Company recorded a net loss and comprehensive loss of \$12,866 which is mainly attributed to:

- i) registration and filing fees of \$12,540 were paid in connection to applying to list the Company on the Canadian Securities Exchange.
- ii) professional fees of \$113 are comprised of \$113 for legal fees in relation to the Company's Initial Public Offering.

At March 31, 2020, the Company had no continuing source of operating revenues and related expenditures. The Company has not paid any dividends on its common shares and has no present intention of paying dividends, as it anticipates that all available funds for the foreseeable future will be used to finance its business and exploration activities.

### **SUMMARY OF QUARTERLY FINANCIAL RESULTS**

The following is a summary of selected financial information compiled from the condensed interim and audited financial statements:

	Three months period ended March 31, 2020	From inception on September 11, 2019 to December 31, 2019 (Audited)
	-\$-	-\$-
Total assets	177,698	239,922
Working capital	881	23,747
Shareholders' equity	141,330	114,196
Net loss for the period	(12,866)	(40,049)
Loss per share	(0.00)	(0.02)

## LIQUIDITY AND CAPITAL RESOURCES

---

The Company has financed its operations to date through the issuance of common shares. The Company may continue to seek capital through various means including the issuance of equity and/or debt.

Net cash (used in)/provided by operating activities was (\$24,275) during the three months period ended March 31, 2020, compared to \$1,206 from inception on September 11, 2019 to December 31, 2019. Cash flows for operating activities were primarily attributed to accounts payable and accrued liabilities.

Investing activities during the three months period ended March 31, 2020 were \$80,449. From inception on September 11, 2019 to December 31, 2019 the Company incurred \$80,449, included in accounts payable at December 31, 2019, to conduct an exploration and rock sampling program on the Empirical Project in October 2019 to assess the potential for gold and copper mineralization and verify historical results and previous workings.

Net cash (used in)/provided by financing activities during the three months period ended March 31, 2020 was (\$10,000), compared to \$144,245 from inception on September 11, 2019 to December 31, 2019. During the three months period ended March 31, 2020, the Company paid \$25,000 representing the first 50% of a corporate finance fee, and \$25,000 in due diligence costs in relation to the proposed IPO. On February 13, 2020, the Company received \$40,000 from completion of a private placement of 400,000 common shares. On September 11, 2019, the Company issued 500,000 founder shares at \$0.005 per share for gross proceeds of \$2,500. On December 31, 2019, the Company completed a private placement of 7,150,000 common shares at \$0.02 per share for gross proceeds of \$143,000. The Company paid \$1,255 for finder's fee in connection with this private placement and included the fee in share issuance costs.

The Company is offering a minimum of 4,770,000 and a maximum of 6,000,000 common shares at \$0.175 per common share for minimum gross proceeds of \$834,750 and maximum gross proceeds of up to \$1,050,000 to residents in the Provinces of British Columbia and Alberta for its Initial Public Offering (the "IPO").

Working capital at March 31, 2020 was \$881 (December 31, 2019 - \$23,747) and declined as a result of settling accounts payable and accrued liabilities.

The Company's ability to meet its obligations and maintain its current operations is contingent upon successful completion of its Initial Public Offering and potential future financing arrangements.

## RELATED PARTY TRANSACTIONS

---

Amounts due to related parties consist of charges accrued for consulting fees. These amounts are due to companies controlled by a director and officers. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

The following amounts due to related parties are included in account payables and accrued liabilities:

	March 31, 2020	December 31, 2019
A company controlled by a Director and CEO of the Company	10,000	\$ 90,449
A company controlled by the CFO of the Company	2,000	2,000
	12,000	\$ 92,449

<sup>1</sup> James Rogers, CEO and Director

<sup>2</sup> Peter Nguyen, CFO

The Company did not have any transactions with a director/officers of the Company and companies that are controlled by a director/officers of the Company during the period ended March 31, 2020. The Company has identified all directors/officers as its key management personnel.

## **CRITICAL ACCOUNTING ESTIMATES**

---

The preparation of the Company's condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances; however, actual outcomes can differ from these estimates.

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

*Impairment of Exploration and Evaluation assets* - Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral properties.

In respect of costs incurred for its exploration and evaluation assets, management has determined that the evaluation, development and related costs incurred, which have been capitalized, continue to be appropriately recorded on the statements of financial position at its carrying value as management has determined there are no indicators of impairment for its exploration and evaluation assets as at March 31, 2020.

*Usage of the going concern assumption* - The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

### *Treatment of deferred financing costs*

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Management applies significant judgment to determine whether the completion of the transaction is considered likely.

## **FINANCIAL RISK MANAGEMENT**

---

The Company is exposed to minimal 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:

### ***Global pandemic***

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

**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's cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by a bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high quality financial institution as determined by rating agencies.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

As at March 31, 2020, the Company has \$36,368 (December 31, 2019 - \$125,726) in current payables that are due within 90 days.

**Currency risk**

The Company currently has no foreign exchange risk as it conducts all of its business within Canada.

**Interest rate risk**

The Company is not currently exposed to significant interest rate risk.

**Capital Management**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and loans as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements.

**ADDITIONAL INFORMATION**

---

**Off-Balance Sheet Arrangements**

As at the current date, the Company had no off-balance sheet arrangements.

**Legal proceedings**

As at the current date, management was not aware of any legal proceedings involving the Company.

**Outstanding Share Data**

As at May 28, 2020, the Company has 10,050,000 common shares and no preferred shares outstanding.

## **Contingent liabilities**

As at the current date, management was not aware of any outstanding contingent liabilities relating to the Company's activities.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the company, and other factors.

## **CAPITAL DISCLOSURE**

---

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the acquisition of a new business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to acquire and sustain future development of a business. The Company has recently conducted an exploration and sampling program on the Empirical Project, which will require additional exploration work and financial resources. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the current period. The Company is not subject to externally imposed capital requirements.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION**

---

The Company's condensed interim financial statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Board of Directors. The condensed interim financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities. The Board of Directors supervises the financial statements and other financial information through its audit committee.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

## **DIRECTORS**

---

Certain directors of the Company are also directors, officers and/or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

As at the date of this MD&A, the directors of the Company are James Rogers, Andrew Male and Theo van der Linde.