

**FORWARD-LOOKING INFORMATION AND MATERIAL ASSUMPTIONS**

This report on results for the six months ended February 29, 2020 contains forward-looking information including forward-looking information about BlueBird Battery Metals Inc.'s (the "Company") operations, estimates, and exploration and acquisition spending.

Forward-looking information is generally signified by words such as "forecast", "projected", "expect", "anticipate", "believe", "will", "should" and similar expressions. This forward-looking information is based on assumptions that the Company believes were reasonable at the time such information was prepared, but assurance cannot be given that these assumptions will prove to be correct, and the forward-looking information in this report should not be unduly relied upon. The forward-looking information and the Company's assumptions are subject to uncertainties and risks and are based on a number of assumptions made by the Company, any of which may prove to be incorrect.

**GENERAL**

This Management Discussion and Analysis ("MD&A") of the financial condition, results of operations and cash flows of the Company for the six months ended February 29, 2020 should be read in conjunction with the condensed consolidated interim financial statements as at February 29, 2020, and the audited consolidated financial statements as at August 31, 2019 and 2018. This MD&A is effective April 28, 2020. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company has prepared its condensed consolidated interim financial statements for the six months ended February 29, 2020 in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standard ("IAS") 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB").

**DESCRIPTION OF BUSINESS**

The Company is an exploration stage company incorporated pursuant to the British Columbia *Business Corporations Act* on March 31, 2011. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired. The Company's shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "BATT" and on the OTCQB under the symbol "BBBMF". The address of the Company's corporate office and its principal place of business is 1680 – 200 Burrard Street, Vancouver, British Columbia, Canada, V6C 3L6.

The Company is currently focusing its financial resources on conducting exploration programs. The Company has not yet determined whether its properties contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the resource properties and upon future profitable production or proceeds from the disposition thereof.

**BLUEBIRD BATTERY METALS INC.**

**Management Discussion and Analysis**

**For the Six Months Ended  
February 29, 2020**

**EXPLORATION AND EVALUATION ASSETS**

Total costs incurred on exploration and evaluation assets are summarized as follows:

	<b>Canegrass Property</b>	<b>Ashburton Property</b>	<b>Atikwa Lake / Maybrun Properties</b>	<b>Batt Property</b>	<b>Total</b>
<b><u>Acquisition Costs</u></b>					
<b>Balance, August 31, 2018</b>	\$ 995,707	\$ 25,000	\$ 710,284	\$ 92,500	\$ 1,823,491
Acquisition and option payments (shares)	553,125	514,594	-	-	1,067,719
Claim costs	-	85,474	1,209	-	86,683
Impairment	-	(625,068)	(640,000)	(92,500)	(1,357,568)
<b>Balance, August 31, 2019 and February 29, 2020</b>	\$ 1,548,832	\$ -	\$ 71,493	\$ -	\$ 1,620,325
<b><u>Deferred Exploration Expenditures</u></b>					
<b>Balance, August 31, 2018</b>	\$ 274,893	\$ 8,020	\$ 258,768	\$ 48,629	\$ 590,310
Camp and other (recovery)	151	-	(2,970)	-	(2,819)
Drilling	243,531	-	-	-	243,531
Geological (recovery)	75,060	3,050	(6,100)	21,657	93,667
Geophysics	118,382	-	-	-	118,382
Impairment	-	(10,682)	(1,000)	(70,286)	(81,968)
Currency translation difference	(10,208)	(388)	-	-	(10,596)
<b>Balance, August 31, 2019</b>	<b>701,809</b>	<b>-</b>	<b>248,698</b>	<b>-</b>	<b>950,507</b>
Geological	6,598	-	-	-	6,598
Geophysics	56,922	-	-	-	56,922
Currency translation difference	(15,220)	-	-	-	(15,220)
<b>Balance, February 29, 2020</b>	\$ 750,109	\$ -	\$ 248,698	\$ -	\$ 998,807
<b><u>Total Exploration and Evaluation Assets</u></b>					
<b>Balance, August 31, 2019</b>	\$ 2,250,641	\$ -	\$ 320,191	\$ -	\$ 2,570,832
<b>Balance, February 29, 2020</b>	\$ 2,298,941	\$ -	\$ 320,191	\$ -	\$ 2,619,132

**Canegrass Property**

On March 15, 2018, the Company entered into an option agreement with Trafalgar Resources Pty. Ltd. ("Trafalgar") to acquire a 100% interest in the Canegrass Property, located in the Mount Magnet region of Western Australia.

In consideration, the Company must make payments as follows:

- Cash payment of \$25,000 (paid) and issuance of 3,000,000 common shares of the Company (issued) upon approval by the TSX-V (approval received on March 21, 2018);
- Issuance of an additional 1,875,000 common shares of the Company on or before March 21, 2019 (issued and valued at \$553,125); and
- Issuance of an additional 1,875,000 common shares of the Company on or before March 21, 2020 (issued and valued at \$131,250).

The Company must also incur exploration expenditures as follows:

- \$500,000 on or before March 21, 2019 (incurred);
- An additional \$500,000 on or before March 21, 2020 (incurred); and
- An additional \$500,000 on or before March 21, 2021.

A finder's fee of 261,058 shares (issued and valued at \$75,707) was paid in relation to the agreement. Subject to further TSX-V approval, a discovery bonus of 1,500,000 common shares of the Company will be issued in the event of discovery of a copper/cobalt equivalent resource of 250,000 ounces or greater on the Canegrass Property.

The Company also paid a \$25,000 letter of intent ("LOI") fee to Trafalgar during the year ended August 31, 2018.

**Phase One Exploration Program**

On August 7, 2018, the Company reported the results of surface rock chips collected at VTEM-08 during the cultural survey of the planned drill sites, returning anomalous vanadium, titanium and iron values. The results fell within a broad, elongate, V<sub>2</sub>O<sub>5</sub> surface anomaly defined by historical rock chip samples (refer to the press release dated August 7, 2018).

On October 23, 2018, the Company announced results for five reverse circulation holes drilled near VTEM-08. The holes were drilled on one section and spaced 80 metres between holes. The initial hole on the section BBRC001 targeted the VTEM-08 anomaly to evaluate for potential magmatic nickel, copper sulphide mineralization. The remaining four holes on the section targeted a broad, elongate, coincident rock geochemical surface anomaly (vanadium) and magnetic anomaly measuring 4,500 metres by 500 metres. Significant assay results were as follows:

Hole ID	From (m)	To (m)	Interval <sup>(1)</sup> (m)	V <sub>2</sub> O <sub>5</sub> (%)
<b>BBRC001</b> including and including	0.00	102.00	102.00	<b>0.36</b>
	35.00	55.00	20.00	<b>0.49</b>
	64.00	81.00	17.00	<b>0.78</b>
	72.00	80.00	8.00	<b>1.03</b>

**BLUEBIRD BATTERY METALS INC.****Management Discussion and Analysis****For the Six Months Ended  
February 29, 2020**

Hole ID	From (m)	To (m)	Interval <sup>(1)</sup> (m)	V <sub>2</sub> O <sub>5</sub> (%)
<b>BBRC002</b> including and including	0.00	121.00	121.00	<b>0.31</b>
	38.00	61.00	23.00	<b>0.46</b>
	100.00	119.00	19.00	<b>0.53</b>
	110.00	119.00	9.00	<b>0.68</b>
<b>BBRC003</b> including	0.00	85.00	85.00	<b>0.16</b>
	32.00	34.00	2.00	<b>0.48</b>
<b>BBRC004</b> including and	25.00	78.00	53.00	<b>0.23</b>
	39.00	42.00	3.00	<b>0.39</b>
	62.00	63.00	1.00	<b>0.63</b>
<b>BBRC005</b> including including	8.00	63.00	55.00	<b>0.21</b>
	30.00	38.00	8.00	<b>0.58</b>
	35.00	38.00	3.00	<b>0.88</b>

(1) The intervals noted in the above table are measured downhole and are not true width. There is insufficient information at this time to determine the true width of the mineralized zone.

On November 29, 2018, the Company announced results from five diamond drill holes. All holes during the Phase One drill program targeted VTEM™ anomalies. The diamond drill campaign consisted of 1,380 metres and all holes intersected anomalous Ni, Cu and Co grades, establishing a trend with a 4,500-metre strike length within the magnetite-rich gabbro-norites. Significant assay results are presented in the following table:

Hole ID	From (m)	To (m)	Interval <sup>(2)</sup> (m)	Ni (%)	Cu (%)	Co (%)	Target
<b>BBDD001</b> including	142.96	144.66	1.70	1.20	0.41	0.10	VTEM-06
	144.09	144.66	0.57	3.07	0.62	0.24	
<b>BBDD002</b> including	243.15	257.40	14.25	0.69	0.82	0.05	CG-039
	250.80	255.70	4.90	1.33	1.26	0.10	
<b>BBDD003</b>	225.80	227.00	1.20	0.48	0.98	0.06	CG-02
<b>BBDD004</b> including	275.00	279.00	4.00	0.25	0.41	0.05	CG-02
	277.85	279.00	1.15	0.37	0.70	0.08	
<b>BBDD005</b> including	255.70	263.00	7.30	0.14	0.31	0.02	CG-02
	256.75	257.15	0.40	0.50	1.51	0.06	

(2) The intervals noted in the above table are measured downhole and are not true width. There is insufficient information at this time to determine the true width of the mineralized zone.

The technical content in this MD&A has been reviewed and approved by Wesley Hanson, P.Geo., a director of the Company and a Qualified Person pursuant to National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

The Company is currently planning a 2020 exploration program on the Canegrass Property.

**Ashburton Project**

On August 8, 2018, the Company entered into an agreement to acquire a 100% interest in the Ashburton Project, located in Western Australia.

**BLUEBIRD BATTERY METALS INC.****Management Discussion and Analysis****For the Six Months Ended  
February 29, 2020**

In consideration, the Company must make payments as follows:

- Issuing common shares of the Company upon completion with a volume weighted average price (“VWAP”) over a 30-day period of \$750,000 (issued and valued at \$514,594 based on the trading price at the date of issuance); and
- Issuing common shares of the Company with a VWAP over a 30-day period of \$750,000 on October 9, 2019 (issued and valued at \$175,000 based on the trading price at the date of issuance).

The Company also paid a \$25,000 LOI fee to the vendor during the year ended August 31, 2018.

On February 22, 2019, the Company announced initial sampling results at the Ashburton Project. The rock chip sampling results are included in the table below:

Sample	Easting	North	Co ppm	Cu ppm	Fe %	Mn %	Ni ppm	Zn ppm
CAPR042	434,478	7,412,365	4,214	935	15.28	11.978	546	569
CAPR024B	430,184	7,414,361	2,095	735	1.02	27.815	92	841
CAPR024A	30,184	414,361	1,333	452	2.42	20.72	61	516
CAPR0442	488,470	380,690	924	X	3.5	22.006	26	93
109682	480,684	386,325	646	385	38.6	5.5351	925	815
CAPR0437	480,925	385,865	467	139	5.37	4.1811	396	384
CAPR0461	513,000	7,365,230	247	35	43.2	0.4721	598	2428
109681	480,702	7,386,075	185	173	5.78	1.7243	47	57
109687	479,239	7,386,866	153	136	22.94	1.6214	256	304
109691	479,125	7,387,008	152	125	10.67	1.2949	135	158

The Company recorded an impairment charge in the amount of \$635,750 during the year ended August 31, 2019. The Company retains ownership of the Ashburton Project and is currently evaluating options.

**Atikwa Lake / Maybrun Properties**

The Atikwa Lake Property is located in northwestern Ontario in the Rainy River district, an emerging gold camp. The Company has assembled a land position centered around the Maybrun mine, a past-producing gold-copper deposit.

On February 4, 2016, the Company entered into an agreement to acquire a 100% undivided interest in 20 mineral claims located in Ontario. As consideration, the Company issued 75,000 common shares of the Company at a value of \$60,000.

In March 2017, an additional five claims were acquired for \$6,480.

On April 7, 2017, the Company entered into an agreement to acquire a 100% interest in the Maybrun Property located in Ontario. As consideration, the Company issued 1,200,000 common shares at a value of \$600,000 and paid \$40,000 in cash.

The vendors retained a 2% net smelter return royalty (“NSR”) on the property. The Company has the option to purchase 1% of the 2% NSR (one-half) at a price of \$1,000,000.

On June 19, 2017, the Company entered into an option agreement to acquire additional claims on the Atikwa Lake Property. Under the terms of the option agreement, the Company could earn a 100% interest by making payments as follows:

- Issuing 25,000 common shares of the Company (issued) and making a cash payment of \$10,000 (paid) upon approval by the TSX-V;
- Issuing 25,000 common shares of the Company and making a cash payment of \$25,000 by June 23, 2018;
- Issuing 50,000 common shares of the Company and making a cash payment of \$35,000 by June 23, 2019; and
- Issuing 85,000 common shares of the Company and making a cash payment of \$60,000 by June 23, 2020.

The Company was also required to incur exploration expenditures on the additional claims as follows:

- \$50,000 on or before June 19, 2018;
- An additional \$75,000 on or before June 19, 2019; and
- An additional \$150,000 on or before June 19, 2020.

The vendors retained a 2% NSR on the property. The Company had the option to purchase 1% of the 2% NSR (one-half) at a price of \$1,000,000.

On April 6, 2018, the Company provided termination notice to the vendors of the June 19, 2017 option agreement. The Company recorded an impairment of \$29,628 as a result of the termination.

During the year ended August 31, 2019, the Company allowed the option title claims to lapse and recorded an impairment charge in the amount of \$641,000.

### **Batt Property**

On March 26, 2018, the Company entered into an option agreement with Strategic Metals Ltd. ("Strategic") to acquire an 80% interest in the Batt Property, located in Yukon Territory. In consideration, the Company paid cash of \$25,000 and issued 250,000 common shares of the Company valued at \$67,500.

The Company must also incur exploration expenditures as follows:

- \$50,000 on or before March 31, 2019 (incurred);
- An additional \$150,000 on or before March 31, 2020; and
- An additional \$300,000 on or before March 31, 2021.

Strategic retains a 1% NSR on the property. In the case the option agreement terms are met, a joint venture ("JV") will be formed between the Company and Strategic. Should Strategic's JV participation drop below 10%, the NSR will increase to 2%. At that time, the Company may repurchase 1% (one-half) of the NSR for \$1,000,000, subject to further TSX-V approval.

During the year ended August 31, 2019, the Company did not have intentions to meet future exploration expenditure requirements and recorded an impairment charge in the amount of \$162,786.

**BLUEBIRD BATTERY METALS INC.****Management Discussion and Analysis****For the Six Months Ended  
February 29, 2020****SELECTED ANNUAL INFORMATION**

	<b>August 31, 2019</b>	<b>August 31, 2018</b>	<b>August 31, 2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	-	-	-
Net loss	(3,149,692)	(6,300,245)	(1,751,417)
Basic and diluted loss per common share	(0.07)	(0.22)	(0.14)
Total assets	2,605,316	2,836,018	4,365,163
Long-term debt	-	-	-
Dividends	-	-	-

**SUMMARY OF QUARTERLY RESULTS  
(\$000s, except loss per share)**

	<b>February 29, 2020</b>	<b>November 30, 2019</b>	<b>August 31, 2019</b>	<b>May 31, 2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
For the Quarter Periods Ending on				
Revenue	-	-	-	-
Net loss	(86)	(108)	(1,601)	(383)
Basic and diluted loss per common share	(0.00)	(0.00)	(0.03)	(0.01)
Total assets	2,640	2,603	2,605	4,176
Non-current financial liabilities	-	-	-	-

	<b>February 28, 2019</b>	<b>November 30, 2018</b>	<b>August 31, 2018</b>	<b>May 31, 2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
For the Quarter Periods Ending on				
Revenue	-	-	-	-
Net loss	(744)	(422)	(934)	(1,033)
Basic and diluted loss per common share	(0.02)	(0.01)	(0.02)	(0.03)
Total assets	3,589	3,586	2,836	3,009
Non-current financial liabilities	-	-	-	-

**OPERATIONS****Three Months Ended February 29, 2020**

During the three months ended February 29, 2020, the Company reported a net loss of \$85,734 (2019 - \$744,009). Variations in expenses from the three months ended February 29, 2020 to the three months ended February 28, 2019 were as follows:

- Consulting fees recovery of \$12,042 (2019 - expense of \$94,000) decreased as the Company used minimal consultants and received a credit in 2020;
- Foreign exchange of \$nil (2019 - \$25,295) resulted from fluctuation of the Australian dollar throughout the period in 2019;
- General exploration costs of \$2,099 (2019 - \$nil) was due to claim costs required to be paid by the Company on the Ashburton Property, which was impaired at the end of fiscal 2019;
- Management fees of \$nil (2019 - \$85,000) decreased as management did not charge fees for the second quarter of 2020;
- Office and general of \$19,440 (2019 - \$7,696) increased due to timing of expenditures and a higher charge for shared office expenses than in the prior period;

- Professional fees of \$39,794 (2019 - \$14,769) were higher in the current period as a result of timing of legal expenses;
- Rent of \$9,000 (2019 - \$9,000) was comparable to the prior period;
- Share-based payments of \$nil (2019 - \$423,555) decreased due to no options being granted in the current period;
- Shareholder communications and investor relations of \$17,338 (2019 - \$53,987) was the result of decreased promotional activity for the Company in the current period;
- Transfer agent and filing fees of \$8,954 (2019 - \$9,557) was comparable to the prior period; and
- Travel of \$1,151 (2019 - \$21,150) decreased as a result of limited travel expenses for the current period.

**Six Months Ended February 29, 2020**

During the six months ended February 29, 2020, the Company reported a net loss of \$193,998 (2019 - \$1,165,509). Variations in expenses from the six months ended February 29, 2020 to the six months ended February 28, 2019 were as follows:

- Consulting fees of \$41,970 (2019 - \$250,188) decreased as the Company reduced the use of consultants in the current period;
- Foreign exchange of \$nil (2019 - \$15,450) resulted from fluctuation of the Australian dollar throughout the period in 2019;
- General exploration costs of \$6,105 (2019 - \$nil) was due to claim costs required to be paid by the Company on the Ashburton Property, which was impaired at the end of fiscal 2019;
- Management fees of \$nil (2019 - \$182,500) decreased as management did not charge fees for the first two quarters of 2020;
- Office and general of \$31,661 (2019 - \$22,728) increased due to higher charges for shared office expenses than in the prior period;
- Professional fees of \$49,634 (2019 - \$60,549) were lower in the current period as there were higher legal fees related to property acquisitions in Australia in the prior period;
- Rent of \$18,000 (2019 - \$18,000) was comparable to the prior period;
- Share-based payments of \$nil (2019 - \$467,752) decreased due to no options being granted in the current period;
- Shareholder communications and investor relations of \$34,988 (2019 - \$95,898) was the result of decreased promotional activity for the Company in the current period;
- Transfer agent and filing fees of \$10,489 (2019 - \$12,775) decreased as a result of lower activity in the current period; and
- Travel of \$1,151 (2019 - \$39,669) decreased as a result of limited travel expenses for the current period.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company's cash at February 29, 2020 was \$1,294, compared to \$18,507 at August 31, 2019. The working capital deficit was \$1,125,720 (August 31, 2019 - \$946,524).

The Company has taken the following measures to address working capital concerns during the 2020 fiscal period and as of the date of this MD&A:

- On December 31, 2019, the Company closed a private placement and issued 1,490,909 common shares at a price of \$0.05 per share for gross proceeds of \$82,000.
- On March 18, 2020, the Company closed a private placement and issued 10,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$500,000.

The Company will need to raise additional financing in order to meet general working capital requirements for the 2020 fiscal year and to make option payments and continue exploration on its mineral properties.



**SUBSEQUENT EVENTS**

Subsequent to February 29, 2020, the Company announced the appointments of Peter Dickie as President, Chief Executive Officer and Director and Neil McCallum as Director.

Subsequent to February 29, 2020, there was a global outbreak of coronavirus (COVID-19). The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations.

On March 25, 2020, the Company granted 2,400,000 stock options to officers, directors and consultants with an exercise price of \$0.10 and a term to expiry of three years.

On April 11, 2020, 1,025,000 stock options expired unexercised.

Subsequent to February 29, 2020, the Company issued 1,875,000 common shares for the Canegrass Property.

Subsequent to February 29, 2020, the Company issued 2,500,000 common shares for the Ashburton Property.

See **Liquidity and Capital Resources** for private placement that closed subsequent to February 29, 2020.

**OFF-BALANCE SHEET ARRANGEMENTS**

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

**TRANSACTIONS WITH RELATED PARTIES**

These amounts of key management compensation are included in the amounts shown on the condensed consolidated interim statements of comprehensive loss:

	<b>Six Months Ended</b>		<b>Six Months Ended</b>	
	<b>February 29, 2020</b>		<b>February 28, 2019</b>	
Consulting fees	\$	-	\$	22,688
Geological	\$	-	\$	8,250
Management fees	\$	-	\$	182,500
Share-based payments	\$	-	\$	197,385

Key management includes directors and officers of the Company, including the Chief Executive Officer, President and Chief Financial Officer.

During the six months ended February 29, 2020, the Company also paid or accrued:

- \$18,000 (2019 - \$18,000) in rent to companies with common officers;
- \$36,000 (2019 - \$42,000) in consulting fees to a private company controlled by an officer; and
- \$24,000 (2019 - \$18,000) in office expenses to a private company controlled by an officer.

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As at February 29, 2020, included in accounts payable and accrued liabilities is \$269,696 (August 31, 2019 - \$232,267) due to directors and officers of the Company, \$157,500 (August 31, 2019 - \$96,886) due to a company controlled by an officer, \$34,650 (August 31, 2019 - \$15,750) due to a company with common officers and directors, and \$nil (August 31, 2019 - \$22,000) due to a former officer.

As at February 29, 2020, included in loans payable is \$125,000 (August 31, 2019 - \$125,000) due to a private company controlled by an officer. The amounts are non-interest-bearing and without specific terms of repayment.

## **COMMITMENTS**

The Company is obligated to make certain payments and issue shares in connection with the acquisition of its exploration and evaluation assets.

## **SIGNIFICANT ACCOUNTING POLICIES**

The Company adopted IFRS 16 *Leases* effective September 1, 2019. Refer to Note 4 – Significant Accounting Policies in the Company's condensed consolidated interim financial statements for the six months ended February 29, 2020 for further details.

## **NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

### **IFRS 3 Business Combinations**

IFRS 3 has been amended to revise the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create outputs. The amendment to IFRS 3 is effective for the years beginning on or after January 1, 2020. The amendment to IFRS 3 is expected to have no impact for the Company.

### **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors**

IAS 1 and IAS 8 have been amended to use a consistent definition of materiality throughout IFRS and the Conceptual Framework for Financial Reporting; clarify the explanation of the definition of material; and incorporate guidance in IAS 1 regarding immaterial information. The amendments to IAS 1 and IAS 8 are effective for the years beginning on or after January 1, 2020. These amendments are expected to have no impact for the Company.

## **CRITICAL ACCOUNTING POLICIES**

### **Critical judgments in applying accounting policies**

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed consolidated interim financial statements within the next financial year are discussed below.

**Impairment of exploration and evaluation assets**

The application of the Company's accounting policy for exploration and evaluation expenditures and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

**Title to mineral property interests**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

**Income taxes**

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability, including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity that are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

**Going concern risk assessment**

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. The condensed consolidated interim financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the condensed consolidated interim financial statements.

**Key sources of estimation uncertainty**

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the condensed consolidated interim financial statements.

Decommissioning liabilities

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs that will reflect the market condition at the time the rehabilitation costs are actually incurred.

The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for. As at February 29, 2020, the Company has no known rehabilitation requirements, and accordingly, no provision has been made.

Fair value of stock options granted

The Company uses the Black-Scholes option pricing model to value the stock options granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

**FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company's financial instruments include cash, amounts receivable, accounts payable and loan payable. Cash is classified as fair value through profit or loss. Amounts receivable is classified as measured at amortized cost. Accounts payable and loans payable are classified as measured at amortized cost. The carrying values of these instruments approximate their fair values due to the relatively short periods to maturity.

Financial risk management objectives and policies

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The financial instrument that potentially subjects the Company to concentrations of credit risk consists principally of cash. To minimize the credit risk on cash, the Company places its cash with a major Canadian financial institution.

Liquidity risk

The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at February 29, 2020, the Company had cash of \$1,294 (August 31, 2019 - \$18,507) to settle accounts payable and accrued liabilities of \$958,960 (August 31, 2019 - \$856,008) and loans payable of \$187,300 (August 31, 2019 - \$125,000). The Company will be required to obtain additional financing to satisfy its liabilities. All of the liabilities presented as accounts payable are due within 30 days of the reporting date.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, 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 on capital.

- i) *Currency risk* – Currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company has operations in Canada and Australia and incurs operating and exploration expenditures in both currencies. The fluctuation of the Canadian dollar in relation to the Australian dollar will have an impact upon the results of the Company. A fluctuation in the exchange rates between the Canadian and Australian dollars of 10% would result in a change to the Company's cash of \$nil and accounts payable and accrued liabilities of \$700. The Company does not use any techniques to mitigate currency risk.
- ii) *Interest rate risk* – The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant, as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations. The Company has no interest-bearing financial liabilities.
- iii) *Other price risk* – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company does not have significant exposure to this risk.

**SHARE CAPITAL**

As at April 28, 2020, the Company had the following securities issued and outstanding:

	<b>April 28, 2020</b>	<b>February 29, 2020</b>	<b>August 31, 2019</b>
Common shares	66,464,288	52,089,288	50,598,379
Warrants	1,667,946	1,667,946	10,137,335
Stock options	5,635,000	4,260,000	4,985,000
Fully diluted shares	73,767,234	58,017,234	65,720,714

**RISKS**

The Company, and the securities of the Company, should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities.

There are a number of outstanding securities and agreements pursuant to which common shares of the Company may be issued in the future. This will result in further dilution to the Company's shareholders.

The Company has a very limited history of operations, is in the early stage of development and has received no revenues other than insignificant interest revenues following its transition to a mineral exploration and development company. As such, the Company is subject to many risks common to such enterprises. There can be no assurance that the Company will be able to obtain adequate financing in the future or, if available, that the terms of such financing will be favourable. The Company does not anticipate paying any dividends in the near future.

Although the Company has taken steps to verify the title to mineral properties in which it has acquired an interest, no assurance whatsoever can be given that the Company's interests may not be challenged by

third parties. If challenged, and if the challenge is sustained, it will have an adverse effect on the business of the Company. 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.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated.

The exploration of mineral properties involves significant risks, which even experience, knowledge and careful evaluation may not be able to avoid. The price of metals has fluctuated widely, particularly in recent years, as it is affected by numerous factors that are beyond the Company's control, including international economic and political trends, expectations of inflation or deflation, currency exchange fluctuations, interest rate fluctuations, global or regional consumptive patterns, speculative activities and increased production due to new extraction methods. The effect of these factors on the price of metals, and therefore, the economic viability of the Company's interests in the mineral properties cannot be accurately predicted. Furthermore, changing conditions in the financial markets and Canadian income tax legislation may have a direct impact on the Company's ability to raise funds for exploration expenditures. A drop in the availability of equity financings will likely impede spending. As a result of all these significant risks, it is quite possible that the Company may lose its investments in the Company's mineral property interests.

## **BOARD OF DIRECTORS**

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. 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 that 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 director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether 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.

Current directors of the Company are as follows:

Peter Dickie, President, Chief Executive Officer and Director  
Nathan Tribble, Director  
Jeremy Ross, Director  
Neil McCallum, Director