

# **ESKAY MINING CORP.**

**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS**

**QUARTERLY HIGHLIGHTS**

**FOR THE THREE AND NINE MONTHS ENDED NOVEMBER 30, 2019**

**(Expressed in Canadian Dollars)**

**Prepared by:**

**ESKAY MINING CORP.**

**The Canadian Venture Building,  
82 Richmond Street East,  
Toronto, Ontario, M5C 1P1**

**Discussion dated January 24, 2020**

## **Introduction**

The following interim Management's Discussion & Analysis ("Interim MD&A") of Eskay Mining Corp. ("Eskay" or the "Company") for the three and nine months ended November 30, 2019 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended February 28, 2019. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A. The primary office of Eskay is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual financial statements for the years ended February 28, 2019 and 2018, together with the notes thereto, and unaudited condensed interim financial statements for the three and nine months ended November 30, 2019, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of January 24, 2020, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on Eskay's website at [www.eskaymining.com](http://www.eskaymining.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Cautionary Note Regarding Forward-Looking Information**

This Interim MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as of the date of this Interim MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this Interim MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

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Forward-looking statements	Assumptions	Risk factors
For fiscal 2020, the Company's operating expenses are estimated to be \$20,000 to \$30,000 per month for recurring operating costs.	The Company has anticipated all material costs; the operating and exploration activities of the Company for fiscal 2020 and the costs associated therewith, will be consistent with Eskay's current expectations.	Unforeseen costs to the Company will arise; any particular operating costs increase or decrease from the date of the estimation; changes in economic conditions.
The Company's cash position at November 30, 2019 is not anticipated to be sufficient to fund its operating expenses for the twelve months ending November 30, 2020. The Company expects to complete an equity financing. The Company anticipates it will defer amounts payable, to the extent possible, while the Company searches for financing.	Financing will be available for the Company's exploration and evaluation activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to the Company; the price of gold and/or other applicable metals will be favourable to the Company; no title disputes exist with respect to the Company's properties.	Gold and other metals price volatility, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff; availability of permits; market competition.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## **Description of Business**

The Company was incorporated under the British Columbia Business Corporations Act and continued on November 2, 2010, under the Business Corporations Act of Ontario. Its common shares are listed on the TSX Venture Exchange ("TSXV") (symbol "ESK") and the Frankfurt Stock Exchange (symbol "WKN 878985"). The Company is a natural resource company engaged in the acquisition and exploration of mineral properties in British Columbia, Canada. To date, the Company has not generated significant revenues from operations.

The Company has no revenues, so its ability to ensure continuing operations is dependent on its completing the acquisition of its mineral property interests, the discovery of economically recoverable reserves, confirmation of its interest in the underlying mineral claims, and its ability to obtain necessary financing to complete the exploration activities, development, if they are proven successful, and future profitable production.

Eskay's goal is to deliver superior returns to shareholders by concentrating on the exploration of its existing properties and the acquisition of properties that have the potential to contain gold or silver. The Company currently plans to focus on its material properties, as set out below under the subheading "Mineral Property Interests".

The Company will continue to attempt to raise capital to meet its ongoing operating activities.

## **Highlights**

- On March 6, 2019, the Company granted of an aggregate of 2,500,000 stock options to directors and consultants of the Company. The stock options are exercisable at \$ 0.08 per share for five years.
- On September 4, 2019, the Company entered into an agreement to settle \$90,000 of management fees owed to a company controlled by an officer of Eskay in consideration for the issuance of 1,263,157 common shares.
- On September 4, 2019, the Company granted an aggregate of 1,300,000 stock options to two directors and a consultant of the Company. The stock options are exercisable at \$ 0.095 per share for five years.
- On September 11, 2019, the Company announced the addition of Dr. Quinton Hennigh to its geological advisory team. The Company also granted 350,000 stock options to Dr. Hennigh. The stock options are exercisable at \$ 0.10 per share for five years.
- On October 16, 2019, the Company announced that it has teamed up with an economic geology research team, the Colorado School of Mines ("CSM") to enhance its chances for discovery at its Eskay Creek area properties, the SIB and Corey. The research team is led by Dr. Thomas Monecke, Associate Professor of Economic Geology, a globally renowned expert in volcanogenic massive sulfide ("VMS") deposits. Dr. Monecke will be working in close collaboration with Dr. John DeDecker on this project. Dr. DeDecker (Ph.D. Geology, CSM) will be conducting a post-doctorate study on geochemical vectoring to ore deposits, in particular on how it pertains to VMS exploration.

Drs. Monecke and DeDecker join Dr. Hennigh P. Geo. and Charles Greig M.Sc. P.Geo., (technical advisors to the Company), Thomas Weis (Chief Geophysicist) and geologists Neil Prowse M.Sc. and Andrew Mitchell P.Geo, who ran the 2017 and 2018 exploration programs on Eskay's SIB property, in an effort to better outline high-value exploration targets, and to better understand their geologic framework. Collectively, Eskay's technical exploration team will comprise one of the most capable in

the Golden Triangle of northwest British Columbia, and should be especially capable of designing and implementing exploration for Eskay-style VMS deposits.

- On December 5, 2019, the Company announced the closing of a non-brokered private placement offering with the sale of 3,350,000 working capital units ("WC Units") of the Company at a price of \$0.12 per WC Unit for \$402,000 and 250,000 flow-through units ("FT Units") of the Company at a price of \$0.16 per FT Unit for \$40,000 for aggregate proceeds of \$442,000.
- On December 9, 2019, the Company granted of an aggregate of 1,550,000 stock options to one director and five consultants of the Company. The stock options are exercisable at \$ 0.135 per share for five years.
- On January 8, 2020, the Company announced the retention of Focus Communications Investor Relations Inc. ("Focus") to provide investor relations services. The Company also granted 300,000 stock options to Mr. Leo Karabelas, the principal of Focus. The stock options are exercisable at \$0.22 per share for three years.

## **Outlook**

For the immediate future, the Company plans to continue to search for financing. The Company is continually evaluating direct or indirect acquisitions of additional properties. The Company continues to monitor its spending and will amend its plans and budgets based on exploration results and expectations of being able to raise financing as and when required.

## **Trends**

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Strong equity markets are favourable conditions for completing a public merger, financing or acquisition transaction. Apart from these and the risk factors noted under the heading "Risks and Uncertainties", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

## **Mineral Property Interests**

Charles J. Greig, P. Geo., a member of the Company's Advisory Team, is a Qualified Person under the definition of National Instrument 43-101. Mr. Greig has approved the disclosure contained under the heading "Mineral Property Interests" and has verified the scientific and technical data contained herein.

## **2020 Exploration Plans**

The Company will generate a holistic model of its property interests with the aim of identifying the highest priority target areas that will be the focus for fieldwork and likely drill testing in 2020. Eskay's technical exploration team is expected to present these to the market in the first quarter of 2020, at which time they will discuss their strategy to move them forward. A budget will be developed in conjunction with this strategy. The Company's land claims are in good standing until 2029.

## **Deposits and Exploration Advances**

As at November 30, 2019, the Company had \$72,870 (February 28, 2019 - \$72,870) of deposits and exploration advances held by the provincial government of British Columbia. Such deposits were required

by the B.C Ministry of Energy and Mines in order to permit the Company to conduct exploration and evaluation activities in that province.

## **Colorado School of Mines**

### **Research Plan**

The project aims to develop an integrated geological and geophysical model of the land package held by Eskay Mining. Modelling will be performed using Leapfrog, and will combine geophysical data, surface geology, assays from surface and drill core samples, lithology from drill core logging, and a digital elevation model of the surface. Integrating these data into a comprehensive exploration model will allow for better definition of targets for an exploration drilling program. Emphasis will be placed on identifying key alteration and geochemical vectors towards massive sulfide mineralization. The model will assist Eskay Creek Mining in developing an efficient exploration strategy and assist in delineating a drilling program that has a high chance of success in finding Eskay Creek-style mineralization.

In addition to 3D modeling it is proposed here to conduct petrographic and geochemical analyses on preliminary samples from SIB provided by Eskay Mining in December 2019, and of samples to be collected in summer 2020. This part of the study aims to identify the deposit types different showings in Eskay Mining's tenement and to compare and contrast the petrographic and geochemical signatures to those encountered at the well-studied Eskay Creek deposit. The investigations will assist in prioritizing targets that have Eskay Creek-style signatures and to distinguish these from epigenetic precious metal targets.

### **Deliverables**

Deliverables of the project are primarily the 3D model that will be generated in Leapfrog. The model will include all available legacy data, including geophysical surveys, drill hole information, and assays. We will provide access to the model to Eskay Mining through a data room throughout this project to facilitate communication with the Eskay Mining team.

A key component of preparations for the 3D model is the consolidation and reformatting of the historical database into a simpler structure. The consolidated data will be provided to Eskay Mining. Geochemical investigations using legacy data will be used to develop the 3D model. The results of the geochemical investigations will be provided to Eskay Mining through periodic communication and technical reports.

In addition to the 3D model, all new data will be made available to Eskay Creek Mining throughout this research project. This includes petrographic and geochemical information obtained on samples to be collected in summer 2020. The results will be summarized as reports and delivered in electronic form, as appropriate.

## **Financial Highlights**

### **Financial Performance**

#### *Three Months Ended November 30, 2019, Compared With Three Months Ended November 30, 2018*

Eskay's net loss totaled \$384,358, for the three months ended November 30, 2019, with basic and diluted loss per share of \$0.00. This compares with a net loss of \$52,242 with basic and diluted loss per share of \$0.00 for the three months ended November 30, 2018. The decrease of \$332,116 was principally because:

- The increase in share-based payments of \$144,889 for the three months ended November 30, 2019, compared to the three months ended November 30, 2018, was due to 1,650,000 stock options issued in the 2019 period while nil options were issued in the 2018 period. Share-based payments will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.
- During the three months ended November 30, 2019, exploration and evaluation expenditures increased by \$55,773 compared to the three months ended November 30, 2018. During the 2018 comparative period, the Company recovered \$49,586 from a joint venture partner.
- During the three months ended November 30, 2019, management and consulting fees increased by \$20,610 compared to the three months ended November 30, 2018 due to the accrual of directors' fees covering the current period.
- All other expenses related to general working capital purposes.

#### *Nine months ended November 30, 2019, Compared With Nine Months Ended November 30, 2018*

Eskay's net loss totaled \$794,169, for the nine months ended November 30, 2019, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$597,635 with basic and diluted loss per share of \$0.01 for the nine months ended November 30, 2018. The increase of \$166,534 was principally because:

- The increase in share-based payments of \$275,539 for the nine months ended November 30, 2019, compared to the nine months ended November 30, 2018, was due to 4,150,000 stock options issued in the 2019 period while 200,000 options were issued in the 2018 period. Share-based payments will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.
- During the nine months ended November 30, 2019, exploration and evaluation expenditures decreased by \$265,700 compared to the nine months ended November 30, 2018 due to the Company's putting the mineral properties under care and maintenance.
- During the nine months ended November 30, 2019, management and consulting fees increased by \$95,610 compared to the nine months ended November 30, 2018 due to the accrual of \$82,500 of directors' fees covering the current period and prior years.
- All other expenses related to general working capital purposes.

### **Cash Flow**

At November 30, 2019, the Company had cash of \$178,565 compared to \$60,693 at February 28, 2019. The increase in cash of \$117,872 from the February 28, 2019 cash balance of \$60,693 was as a result of cash outflows in operating activities of \$87,128 and cash inflows from financing activities of \$205,000.

During the nine months ended November 30, 2019, operating activities were affected by adjustments for share-based payments of \$317,500, loss on settlement of debt of \$74,210, accretion of \$1,622 and flow-through share liability recovery of \$463 and net change in non-cash working capital balances of \$276,672 because of an increase in amounts receivable of \$3,246, a decrease in prepaid expenses of \$10,855, a decrease in accounts payable and accrued liabilities of \$10,140 and an increase in amounts due to related parties of \$258,923.

During the nine months ended November 30, 2019, the Company received \$112,000 from subscription receipts and \$93,000 of proceeds from the exercise of stock options.

### **Liquidity and Financial Position**

The activities of the Company, principally the acquisition, exploration and evaluation of mineral properties, are financed through equity offerings and the exercise of warrants or options. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The Company has no operating revenues and therefore must utilize its current cash reserves and other financing transactions to maintain its capacity to meet ongoing discretionary and committed exploration and operating activities.

At November 30, 2019, the Company had a working capital deficiency of \$524,300 (February 28, 2019 – \$343,963). As at November 30, 2019, the Company has no debt. Its credit and interest rate risk is minimal and amounts payable and other liabilities are short term and non-interest bearing.

The Company has traditionally supplemented equity financing from time to time by obtaining loans from related parties. These are used to provide interim, short-term financing to meet day-to-day cash flow needs on occasion, and are not intended to be a long-term source of capital.

The Company's use of cash at present occurs, and in the future will occur, principally in two areas, namely, funding of its general and administrative expenditures and funding of its investment activities. Those investing activities include the cash components of the cost of acquiring and exploring its mineral claims. For fiscal 2020, the Company's expected operating expenses are estimated to be \$20,000 to \$30,000 per month for recurring operating costs. The Company will continue to evaluate its exploration projects and is currently preparing a budget for its plans on these projects.

The Company is not anticipated to have sufficient cash to fund its operating expenses and exploring its mineral claims for the twelve months ended November 30, 2020. The Company will have to raise additional equity capital for fiscal 2020 in amounts sufficient to fund both exploration work and working capital requirements. The major variables are expected to be the size, timing and results of the Company's exploration program and its ability to continue to access capital to fund its ongoing operations.

The Company was obligated to spend \$235,200 by December 31, 2019. As at November 30, 2019, the Company had spent \$66,260 of funding as part of the flow-through funding agreement for shares issued in June 2018. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through

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participants. The Company indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments.

**Related Party Transactions**

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Eskay was a party to the following transactions with related parties:

<b>Management and Consulting Fees</b>	<b>Three Months Ended November 30, 2019</b> \$	<b>Three Months Ended November 30, 2018</b> \$	<b>Nine Months Ended November 30, 2019</b> \$	<b>Nine Months Ended November 30, 2018</b> \$
Hugh M. Balkam <sup>(1)</sup>	9,000	9,000	27,000	27,000
Balkam Partners Ltd. <sup>(2)</sup>	27,000	27,000	81,000	81,000
Marrelli Support Services Inc. <sup>(3)</sup>	5,610	5,610	16,830	16,830
Robert Myhill <sup>(4)</sup>	3,750	nil	41,250	nil
Gordon McMehen <sup>(4)</sup>	3,750	nil	41,250	nil
<b>Total</b>	<b>49,110</b>	<b>41,610</b>	<b>207,330</b>	<b>124,830</b>

<b>Professional Fees</b>	<b>Three Months Ended November 30, 2019</b> \$	<b>Three Months Ended November 30, 2018</b> \$	<b>Nine Months Ended November 30, 2019</b> \$	<b>Nine Months Ended November 30, 2018</b> \$
Marrelli Support Services Inc. <sup>(5)</sup>	10,765	6,268	23,720	18,800
<b>Total</b>	<b>10,765</b>	<b>6,268</b>	<b>23,720</b>	<b>18,800</b>

<sup>(1)</sup> Fees for performing the function of Chief Executive Officer.

<sup>(2)</sup> Management fees charged by Balkam Partners Ltd., a company controlled by Hugh M. Balkam, an officer of the Company. As at November 30, 2019, Balkam Partners Ltd. and Hugh M. Balkam were owed \$326,122, (February 28, 2019 - \$276,340). In addition, as at November 30, 2019, Hugh M. Balkam was also owed \$31,782 (February 28, 2019 - \$31,782) which pertained to interest accrued on a loan advanced to the Company during the year ended February 29, 2012. These amounts were included in amounts due to related parties and are unsecured, non-interest bearing and due on demand.

<sup>(3)</sup> Fees for performing the function of Chief Financial Officer ("CFO") charged by Marrelli Support Services Inc., a company controlled by Carmelo Marrelli, CFO of the Company.

<sup>(4)</sup> Fees paid to directors of the Company. As at November 30, 2019, the Company owed these directors \$82,500 (February 28, 2019 - \$nil). These balances are unsecured, non-interest bearing and due on demand.

<sup>(5)</sup> Professional fees charged by Marrelli Support Services Inc. for bookkeeping and accounting services. As at November 30, 2019, the Company owed Marrelli Support Services Inc. \$47,706 (February 28, 2019 - \$13,330). These balances are unsecured, non-interest bearing and due on demand.

<sup>(6)</sup> During the three and nine months ended November 30, 2019, the Company paid or accrued professional fees and disbursements of \$29,338 and \$36,320, respectively (three and nine months ended November 30, 2018 - \$6,155 and 29,123, respectively) to Gardiner Roberts LLP ("Gardiner"), a law firm of which William R. Johnstone, Corporate Secretary of the Company, is a partner. These services were incurred in the normal course of operations for general corporate matters. As at November 30, 2019, Gardiner is owed \$42,662 (February 28, 2019 - \$8,615) and this amount is included in amounts due to related parties.

<sup>(7)</sup> During the nine months ended November 30, 2019, the Company granted 3,100,000 stock options to officers and directors and recorded share-based payments of \$236,200.

To the knowledge of the Company, as at November 30, 2019, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company. As at November 30, 2019, directors and officers of the Company control an aggregate of 21,676,920 common shares of the Company or approximately 18.32% of the shares outstanding.

The Company is currently not aware of any arrangements that may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

### **Disclosure of Internal Controls**

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim financial statements; and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of unaudited condensed interim financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks

to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Risks and Uncertainties**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risks and Uncertainties" in the Company's Annual MD&A for the fiscal year ended February 28, 2019, available on SEDAR at [www.sedar.com](http://www.sedar.com).