



# cascaderocopper

## **MANAGEMENT DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED FEBRUARY 28, 2019**

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial position and results of operations of Cascadero Copper Corporation (the "Company" or "CCD") as at February 28, 2019 and should be read in conjunction with the Company's quarterly consolidated financial statements and related notes attached hereto. The Company's consolidated financial statements have been prepared in accordance with International Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The effective date of this report is April 29, 2019. All figures are presented in Canadian dollars unless otherwise indicated.

### **FORWARD-LOOKING STATEMENTS**

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This MD&A contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning mineral resource estimates and the interpretation of drill results may also be considered as a forward-looking statement; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of the effective date of this MD&A.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, possible variations in mineral resources, labour disputes, operating or capital costs; availability of sufficient financing to fund planned or further required work in a timely manner and on acceptable terms; failure of equipment or processes to operate as anticipated; and political, regulatory, environmental and other risks of the mining industry.
- Subject to applicable laws, the Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties".

## **GENERAL**

Cascadero Copper Corporation (the "Company" or "CCD") was incorporated pursuant to the Alberta Business Corporations Act on October 30<sup>th</sup> 2003 and continued into the Province of British Columbia on June 3<sup>rd</sup>, 2004. The Company is listed on the TSX Venture Exchange and trades under the symbol "CCD". The Company is engaged in the business of acquiring and exploring mineral properties located in Argentina. The Company is considered to be in the exploration stage. The Company's head office, principal address, and records office are located at 554 Kings Road East, North Vancouver, British Columbia, Canada V7N 1J3.

Additional information related to the Company is available on its website at [www.cascadero.com](http://www.cascadero.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

## **DESCRIPTION OF BUSINESS**

The Company is in the process of exploring and developing mineral properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for investment in joint venture and exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the exploration and evaluation assets, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or proceeds from the disposition of the exploration and evaluation assets.

## **PERFORMANCE SUMMARY**

Cascadero Copper Corporation operates in one jurisdiction: Argentina. On November 30, 2016, the Company and Regberg Ltd. ("Regberg") closed an agreement that enabled Regberg have a 30% beneficial interest in Cascadero Minerals Corporation ("CMC"). The Company has concluded that the Argentina Entities is a joint venture and the Company retained joint control in these entities, effective November 30, 2016. Subsequent to December 1<sup>st</sup> 2016, the Company has accounted for its interests in the Argentina Entities using the equity method on a 70/30 basis. During the quarter ended February 28, 2019 the Company's share of loss of the Argentina Entities was \$280,028.

On June 7, 2017, the Company signed an Option Agreement (the "Option Agreement") with Amarc Resources Ltd. ("Amarc") that enables Amarc to acquire a 100% interest in the Company's 49% interest in the Toodoggone property. In order to exercise the Option, Amarc is required to make staged cash payments to the Company in the aggregate amount of \$1 million and issuance of common shares of Amarc with the aggregated value of \$950,000 before October 31, 2018. As at November 30, 2017, the Company received \$400,000 cash and 1,944,444 common shares of Amarc with the fair value of \$281,044 based on the Amarc common shares' trading price at the date of issuance. The Company recognized a gain on disposal of the Toodoggone property of \$681,944 during the year ended November 30, 2017. In January 2018, Amarc made further cash payments of \$300,000 and issued 1,666,667 Amarc's common shares in accordance with the Option Agreement. In October, 2018, the Company received final cash payments of \$300,000 and a further 1,666,667 of Amarc shares. The Amarc shares received were valued at \$358,333 based on Amarc common shares' trading price at the date of issuance. The Company recognized gain on disposal of the Toodoggone property of \$958,333 during the year ended November 30, 2018. The Company disposed of 180,000 Amarc shares during 2018.

In December 2016, the Company completed a non-brokered private placement for gross proceeds of \$1,034,770 by issuing 10,347,700 units at a price of \$0.10 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of \$0.15 per share for a period of two years. These warrants have since expired. The Company paid share issuance cost of \$36,291 in connection with the private placement.

## HISTORIC EXPLORATION INFORMATION

### BRITISH COLUMBIA

In Canada, the Company optioned its 49% interest in the Toodoggone Project to Amarc Resources Ltd.

### ARGENTINA

In 2016, the Company focused on reorganizing its Argentine property portfolio. Field work did not get underway until mid-2016 when it was decided to conduct a second drill program on the Taron property. Taron was the focus on field work and the drill program was completed. As discussed above, On November 30, 2016, the Company and Regberg closed an agreement that enabled Regberg to have a joint control with the Company on Argentina properties' operations. The summary of costs incurred directly by the Company on Argentina properties for 2018 and 2017 are as follows:

	2018	2017
	\$	\$
Consulting	50,095	170,862
Geological and exploration	—	503,466
Food and lodging	25,145	66,175
Equipment and truck rental	—	6,563
Others	14,424	39,950
	<u>89,664</u>	<u>787,016</u>

## SELECTED ANNUAL INFORMATION

The following table provides a brief summary of the Company's annual financial operations. For more detailed information, refer to the audited consolidated financial statements.

ITEM	November 30, 2018	November 30, 2017	November 30, 2016
	\$	\$	\$
Working Capital	(788,193)	(404,610)	(906,995)
Deficit	(27,482,985)	(26,673,152)	(25,325,845)
Net loss	(809,833)	(1,347,307)	(546,092)
Basic and diluted loss per share	(0.005)	(0.008)	(0.004)
Total Assets	690,729	1,208,557	846,744

The Company earns interest revenue from cash held in banks. The Company has no present intention of paying dividends on its common shares as it anticipates that all available funds will be invested to finance the growth of its business.

### Quarterly Information

The following are selected financial data from the Company's unaudited financial statements for the last eight quarters ending with the most recently completed quarter, being the three months ended November 30, 2018.

	February 28, 2019	November 30, 2018	August 31, 2018	May 31, 2018
Total assets	\$810,798	\$ 690,729	\$ 893,970	\$ 1,003,935
Exploration & evaluation assets	---	---	---	---
Working capital (deficiency)	(991,388)	(788,193)	(509,080)	(325,945)
Shareholder's equity	(821,541)	(618,225)	(282,712)	(103,646)
Net loss	(392,850)	(356,353)	(200,200)	(75,890)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	February 28, 2018	November 30, 2017	August 31, 2017	May 31, 2017
Total assets	\$1,105,121	\$ 1,208,557	\$ 260,024	\$ 792,266
Exploration & evaluation assets	---	---	---	---
Working capital (deficiency)	(301,087)	(404,610)	(1,298,923)	(892,452)
Shareholder's equity	(154,385)	(210,024)	(1,127,682)	(829,960)
Net income (loss)	(177,390)	164,215	(353,828)	(662,137)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

## Results of Operations

The Company had a loss of \$(392,850) (\$0.00 per share) for the quarter ended February 28, 2019 compared to a loss of \$(177,390) (\$0.00 per share) for the quarter ended February 28, 2018. The increase in loss during the quarter ended February 28, 2019 was mainly due to the gain on lost control of Argentina Entities.

Significant expenses incurred during the quarter ended February 28, 2019 are as follows: \$40,000 (2018 - \$40,000) in management fees, \$8,502 (2018 - \$120,421) in general and administrative, \$58,631 (2018 - \$20,775) in professional fees.

## LIQUIDITY

The Company finances its activities by raising capital in the equity markets and has no regular source of revenue or cash flow. The Company is dependent upon its ability to obtain the necessary financing to generate enough cash and cash equivalents, in the short and long term to meet its obligations as they become due and finance its exploration programs. Certain mineral tenures may be sold for cash as well.

The consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Management believes that a future sale of properties in this area is possible and that a sale, after costs and taxes, would result in liquidity to the Company. The consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business. Such adjustments could be material.

Net cash used for operating activities for the quarter ended February 28, 2019 was \$(376,272) compared to net cash used for operating activities of \$(254,873) for the quarter ended February 28, 2018.

Cash flows from investing activities for the quarter ended February 28, 2019 was \$280,028 compared to the investing activities of \$Nil for the quarter ended February 28, 2018.

Cash flows from financing activities for the quarter ended February 28, 2019 was \$213,067 compared to the financing activities of \$159,440 for the quarter ended February 28, 2018.

## CAPITAL RESOURCES

The Company has defined its capital as common shares, contributed surplus and retained earnings. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to maintain appropriate cash reserves on hand to support continued operations and shareholder returns, maintain capital structure while keeping capital costs at a minimum, and to invest cash on hand in highly liquid, highly rated financial instruments. The Company is not exposed to externally imposed capital restrictions, and the Company's objectives and strategies described above have not changed since last year. These objectives and strategies are reviewed on a continuous basis.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

## RELATED PARTY TRANSACTIONS

- a) The Company has the following balances owed to and from related entities as at February 28, 2019:
- (i) \$438,335 (February 28, 2018 - \$426,105) due to Bill McWilliam (“Mr. McWilliam”), previously the Chief Executive Officer of the Company.
  - (ii) \$310,891 (February 28, 2018 - \$312,331) due to Judith Harder (“Ms. Harder”), who was previously the Corporate Secretary of the Company until March 17, 2017 and was the Chief Executive Officer (the “CEO”) of the Company. Ms. Harder was also the immediate family member of Mr. McWilliam.
  - (iii) \$119,544 (February 28, 2018 - \$103,116) due to Argentine Frontier Resources Inc. (“AFRI”), an entity controlled by Mr. McWilliam and Ms. Harder.
  - (iv) \$14,235, (February 28, 2018 - \$11,074) due to the Company’s Chief Financial Officer (the “CFO”).
  - (v) \$15,126 (February 28, 2018 - \$15,126) due from Cosmos Minerals SA Inc., an entity controlled by Mr. McWilliam and Ms. Harder.
  - (vi) \$168,848 (February 28, 2018 - \$121,183) due from Cosmos Minerals S.A. an entity controlled by Mr. McWilliam and Ms. Harder.
- b) During the quarter ended February 28, 2019 the Company had the following transactions with related parties:
- (i) The Company settled debt of \$Nil (2018 - \$120,000) with Mr. McWilliam and incurred a loss of \$40,000 in 2018.
  - (ii) Incurred \$4,500 (2018 - \$4,500) in office rent to AFRI.
  - (iii) Incurred \$40,000 (2018 - \$40,000) in management consulting fees to Mr. McWilliam.
  - (iv) Incurred \$nil (2018 - \$nil) in automobile expenses to Mr. McWilliam.
  - (v) Incurred \$21,525 (2018 - \$Nil) in management consulting fees to Mr. Causey, Chairman of the Company.
  - (vi) Incurred \$19,350 (2018 - \$12,725) in accounting fees to the CFO of the Company.
  - (vii) The Company entered into a management agreement with Mr. McWilliam on December 1, 2015, pursuant to which the Company has agreed to pay an annual service fee of \$160,000 plus \$1,100 car allowance per month. The management agreement has an initial term of three years and can be extended another three years.
  - (viii) The Company entered into a service agreement with Ms. Harder on December 1, 2015, pursuant to which the Company has agreed to pay an annual service fee of \$84,000. The service agreement has an initial term of one year and is renewable annually.
- c) Key management compensation

Key management includes Chairman of the Company, CEO and CFO. The compensation paid or payable to key management for services during the quarter ended February 28, 2019 is identical to the disclosure above other than share-based payments. During the quarter ended February 28, 2019, the Company did not pay any interest or income taxes (2018 - \$nil)

## FINANCIAL INSTRUMENTS

### Fair Value of Financial Instruments

The Company’s financial instruments consist of cash, marketable securities, accounts receivables and accounts payables and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to the immediate or short term maturity of these instruments.

### Financial Risk Factors

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

### *Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's exposure to credit risk is primarily associated with cash and cash equivalents. Risk associated with cash is managed through the use of a reputable financial institution. The carrying amount of financial assets presented on the Company's consolidated statement of financial position represents the maximum credit exposure.

### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances to enable settlement of transactions on the due date. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as currency risk, interest rate risk and price risk.

#### (a) Foreign currency risk

The Company is exposed to foreign currency risk fluctuations related to cash and accounts payable and accrued liabilities that are denominated in US Dollars (US). The Company monitors such amounts to limit any exposure to foreign currency risk.

#### (b) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company is satisfied with the credit ratings of its banks.

#### (c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of oil, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company is exposed to market price risk for its available-for-sale securities consist of shares in publicly traded company which is subject to the fluctuations in share price on the stock exchange. The Company monitors its investments to limit the exposure to price risk.

## **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

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

(i) Judgements

*Valuation of exploration and evaluation expenditures*

The application of the Company's accounting policy for exploration and evaluation expenditure 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. Significant judgement is required when determining whether facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount.

*Joint Arrangement*

The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over the other companies. Management has used its judgment to determine which companies are controlled and require consolidation and those which are significantly influenced or jointly controlled and require equity accounting. Determination of the date that the Company's interest in Argentina Entities changed from control to joint control also required significant judgement. The Company has determined that effective November 30, 2016, the Company lost control in the Argentina Entities and retained joint control in these entities as the participating parties have joint control and a right to the net assets of the arrangement.

Significant judgements and estimates are also required to determine the fair value of the investments retained in the Argentina Entities that were the former subsidiaries.

At each reporting date, the Company determines whether there is objective evidence that the investment in associate or joint venture is impaired. Significant judgement is required when determining whether facts and circumstances suggest that the carrying amount of the investment in associate or joint venture may exceed its recoverable amount.

*Business versus asset*

Identify a transaction as being a business or asset requires judgement regarding whether the set of assets and liabilities acquired or disposed constitutes a business based on the particular circumstances.

*Provision*

Management assesses the probability of a liability being payable as either remote, more than remote or probable. If the liability is considered to be less than probable, then the liability is not recorded and it is only disclosed as a contingent liability.

(ii) Estimates

*Share-based payment transactions*

Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment are disclosed in Note 8 of the financial statements.

**CHANGE IN ACCOUNTING POLICY (INCLUDING INITIAL ADOPTION)**

Accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations, are not yet effective for the year ended November 30, 2019, and have not been applied in preparing the consolidated financial statements. The standards, amendments and interpretations issued, which the Company reasonably expects to be applicable at a

future date, are listed below. The Company intends to adopt those standards, amendments and interpretations when they become effective.

(i) IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Company does not expect the adoption of this standard will have significant impact on its consolidated financial statements.

(ii) IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Company currently does not have any revenues. The Company does not expect the adoption of this standard will have an impact on its consolidated financial statements.

(iii) IFRS 16 *Leases*

In January 2016, the IASB published a new standard, IFRS 16. The new standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 18 and the distinction between operating and finance leases is retained. The standard is effective for annual period beginning on or after January 1, 2019. The Company did not have significant operating lease obligations as at November 30, 2018. The Company does not expect the adoption of this standard will have significant impact on its consolidated financial statements.

**Outstanding Share Capital as at the date of this MD&A**

<b>Authorized</b>	Unlimited number of no par value common shares
<b>Issued common shares</b>	<b>194,298,892</b>
Treasury Shares held	<u>16,498,026</u>
<b>Outstanding common shares</b>	<b>177,800,866</b>
Stock Options	18,100,000
Warrants	3,750,000

**Stock Options and Warrants outstanding at (expiry date order)**

OPTIONS ISSUED	EXERCISE PRICE PER SHARE	EXPIRY DATE
300,000	\$0.11	March 12, 2019
7,000,000	\$0.15	December 12, 2019
7,300,000	\$0.15	January 7, 2020
3,500,000	\$0.05	July 16, 2021

WARRANTS ISSUED	EXERCISE PRICE PER SHARE	EXPIRY DATE
3,750,000	\$0.08	October 3, 2022



## **DISCLOSURE CONTROLS AND PROCEDURES**

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109) the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements for the quarter ended February 28, 2019 and accompanying MD&A.

In contrast to the full certificate under NI 52-109 the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

## **RISKS AND UNCERTAINTIES**

The exploration and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not be successful in overcoming. Few mineral properties which are explored ultimately develop into producing mines. There has been no commercial production of minerals on properties held by the Company to date and there is a high degree of risk that commercial production of minerals will not be achieved.

Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. The mining industry is intensely competitive. The commercial viability of a mineral deposit depends on a number of factors including the particular attributes of the deposits (principally size and grade), proximity to infrastructure, the impact of mine development on the environment, environmental regulations imposed by various levels of government and the competitive nature of the industry which causes mineral prices to fluctuate substantially over short periods of time. There can be no assurance that the minerals can be marketed profitably or in such a manner as to provide an adequate return on invested capital.

The operations of the Company are subject to all of the risks normally associated with the operation and development of mineral properties and the development of a mine, including encountering unexpected formations or pressures, caving, flooding, fires and other hazards, all of which could result in personal injuries, loss of life and damage to property of the Company and others. In accordance with customary industry practice, the Company is not fully insured against all of these risks and insurance may not be available for such risks.

The operations of the Company's properties will be subject to various laws and regulations relating to the environment, prospecting, development, production, waste disposal and other matters. Amendments to current laws and regulations governing activities related to the Company's mineral properties may have material adverse impact on operations.

The Company will need additional funding to complete its short and long term objectives. The ability of the Company to fund its operations in the future will depend on the prevailing market conditions, as well as the business performance of the Company. There can be no assurances that the Company will be successful in its efforts to raise additional financing on terms satisfactory to the Company. If adequate funds are not available or not available on acceptable terms, the Company may not be able to take advantage of opportunities, to acquire new projects or to otherwise respond to competitive pressures.

## **Subsequent Events**

The Company announces that it has executed a renegotiated binding term sheet with InCoR Holdings Limited ("InCoR"), a closely held company at arm's length to Cascadero. The term sheet amends the prior term sheet between the Company and InCoR announced by the Company on December 20, 2018. The Company will grant InCoR a call option to acquire a portion of the Company's indirect interest in the five (5) tenements comprising the Taron group of properties, and a portion of the Company's direct interest in related intellectual property, being 30% of the Taron properties and related intellectual property for a total exercise consideration of US \$1,500,000 (the "Transaction"). The term of the option is five (5) years from date of grant, and the call option is irrevocable. The Taron group of properties are owned by Cascadero Minerals Corporation and are located in Argentina. No finder's fee is payable on the Transaction.

If InCoR exercises the Call Option and sells the 30% share of the Taron assets on or before March 31, 2023, the Company shall be entitled to a 50% share of any net profit realized.

In connection with the Transaction, InCoR has agreed to subscribe for a private placement consisting of 10 million units of the Company to be comprised of a share and a warrant priced in accordance with the policies to the TSX Venture Exchange. The units shall be issued at CDN \$0.05 per share subject to approval of the TSX Venture Exchange. Securities issued in the private placement will be subject to a four month hold. InCoR has a right of first refusal to be exercised within twenty (20) business days upon receipt of written advice from the Company, to underwrite or otherwise backstop subsequent financings by the Company.

The Transaction and the private placement are subject to necessary regulatory approvals, the negotiation, execution and delivery of definite legal documents, and completion by InCoR of satisfactory due diligence review of the Company and its assets. The closing of the private placement is expected on or before May 31, 2019.

**END OF DOCUMENT**