

# **Northern Lights Resources Corp.**

## **Management Discussion and Analysis**

### **For the Period Ended October 31, 2018**

**December 21, 2018**

The following discussion and analysis should be read in conjunction with the unaudited condensed interim financial statements for the period ended October 31, 2018, and related notes included therein, prepared in accordance IAS 34, Interim Financial Report (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”), and its interpretations, using accounting policies consistent with International Financial Reporting Standards (“IFRS”). All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional regulatory filings for the Company can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com). The Company’s website can be found at [www.northernlightsresources.com](http://www.northernlightsresources.com).

The reader should also refer to the audited financial statements for the year ended April 30, 2018.

Northern Lights Uranium Corp. (the “Company”) was incorporated under the laws of British Columbia on March 28, 2007. On April 22, 2008, the Company changed its name to Northern Lights Resources Corp. The Company’s principal business activities include the acquisition and exploration of resource properties. On June 28, 2012, the Company completed its initial public offering (“IPO”) by way of prospectus, and a listing on the Canadian Securities Exchange (“CSE”).

On September 10, 2013 and September 24, 2013 cease trade orders (“CTOs”) was issued by the British Columbia Securities Commission and the Ontario Securities Commission respectively for failure of the Company to file its annual financial statements for the fiscal year ended April 30, 2013, and corresponding MD&A in a timely manner. On October 31, 2013, the CSE halted the shares of the Company due to the Company being in default of CSE requirements. On January 22, 2014, the CSE delisted the common shares. On December 10, 2014 a CTO issued by the Alberta Securities Commission for failure of the Company to file its annual financial statements for the fiscal year ended April 30, 2014, and corresponding MD&A, in a timely manner. As at the date of this MD&A, the CTOs remain in place and the common shares remain delisted. On November 9, 2017 revocation orders were received from the British Columbia Securities Commission and the Ontario Securities Commission lifting the cease trade orders previously issued on September 10, 2013 and September 24, 2013 consequently. On November 10, 2017, a revocation order was received from the Alberta Securities Commission lifting the final cease trade order previously issued on December 10, 2014.

The Company completed a shares-for-debt transaction whereby 16,617,220 common shares were issued at \$0.05 per share to settle an aggregate of \$830,861 of debt, a common stock Consolidation of (1.75 to 1), a second shares-for-debt transaction whereby 8,954,327 common shares at \$0.05 per share to settle an aggregate \$376,885.56, entered into agreements on both the Del Under Property Earn-In Agreement and the Medicine Property Option Agreement, and has added new management.

On February 23, 2018, the Company announced that it had received Conditional Listing Approval for the Canadian Securities Exchange (the “CSE” or the “Exchange”) based on the completion of a financing of minimum of \$1 Million to meet the objectives described within the listing statement and completion of all CSE application documentation. In connection with the listings approval from the CSE, Northern Lights Resources announced that it intends to complete a non-brokered private placement of up to \$1,500,000. The placement will consist of up to 15,000,000 units (each a “Unit”) at a price of C\$0.10 per Unit. Each Unit will consist of one Common share and one share purchase warrant.

On October 31, 2018 the Canadian Stock Exchange “CSE” accepted the Company’s relisting application and has received trading approval with the closing of a first tranche of a non-brokered private placement financing of 11,005,000 units of the Company (the “Units”) at a price of \$0.10 per Unit, for total gross proceeds of \$1,100,500 (the “Offering”).

## **Forward-Looking Statements**

Certain statements contained in this document constitute “forward-looking statements”. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “propose”, “anticipate”, “believe”, “forecast”, “estimate”, “expect” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Forward-looking statements herein include, but is not limited to, statements relating to the timing, availability and amount of financings; expected use of proceeds; business objectives; the costs and timing relating to the potential acquisition of interests in mineral properties; the timing and costs of future exploration activities on the Company’s future properties; success of exploration activities; permitting time lines and requirements for additional capital. In making forward-looking statements herein, the Company has applied several material assumptions, including, but not limited to, any additional financing needed will be available on reasonable terms, that general business and economic conditions will not change in a materially adverse manner, and that all necessary governmental approvals for the future exploration will be obtained in a timely manner and on acceptable terms. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Such risks and other factors include, among others, risks related to the completion of financings and the use of proceeds; operations and contractual obligations; changes in exploration programs based upon results of exploration; future prices of metals; availability of third party contractors; availability of equipment; failure of equipment to operate as anticipated; accidents, effects of weather and other natural phenomena and other risks of the mineral exploration industry; environmental risks; community relations; and delays in obtaining governmental approvals or financing.

## **Overview and Going Concern**

The Company is in the business of acquiring exploration and evaluation assets. The Company currently has negotiated two property agreements, a property option agreement and a earn-in-agreement (“*see mineral property agreements*” below) and is in the process of looking for an acquisition of additional exploration and evaluation assets. Further, the Company expects its current capital resources will not be sufficient to complete its exploration plans and operations through its current operating year and will be required to raise additional funds through future equity issuances. The Company’s ability to continue as a going concern is therefore dependent on its ability to raise additional funds through equity issuances. These material uncertainties may cast significant doubt on the entity’s ability to continue as a going concern.

The condensed interim financial statements for the period ended October 31, 2018 were prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

## **Results of Operations**

The results of operations reflect the overhead costs incurred by the Company to maintain good standing with the various regulatory authorities and to provide an administrative infrastructure to manage the acquisition, and financing activities of the Company. General and administrative costs can be expected to increase or decrease in relation to the changes in activity required as property acquisitions continues. The Company has not recorded, since the date of its incorporation, any revenues from its mineral exploration and development activities.

## Mineral Property Agreements

During the period ended October 31, 2018, the following events occurred:

### i) Del Undur Project

The Company entered into an earn-in agreement dated June 17, 2017 whereby the Company can earn up to 100% interest in a prospective titanium property located in north-eastern Mongolia for aggregate consideration of (i) cash payments of \$500,000, (ii) issuing 20,000,000 shares, and (iii) incurring exploration expenditures totaling \$2,000,000, all over a four year term. In addition, the property owner will retain a 2.0% net smelter return royalty.

### ii) Medicine Springs Property

The Company entered into a mineral property option agreement dated August 20, 2017 to acquire 100% of the property in southeastern Elko County, Nevada for aggregate consideration of the following:

#### i) Cash payments

- a) USD \$25,000 on or before the first anniversary of the date of execution (“Execution Date”) (paid).
- b) USD \$50,000 on or before the second anniversary of the Execution Date.
- c) USD \$100,000 on or before the third anniversary of the Execution Date.
- d) USD \$150,000 on or before the fourth anniversary of the Execution Date.
- e) USD \$200,000 on or before the fifth anniversary of the Execution Date.
- f) USD \$425,000 on or before the sixth anniversary of the Execution Date.

#### ii) Share issuance

- a) issuance of common share with a fair market value of USD \$50,000 on or before the second anniversary of the Execution Date.
- b) issuance of common share with a fair market value of USD \$50,000 on or before the third anniversary of the Execution Date.
- c) issuance of common share with a fair market value of USD \$50,000 on or before the fourth anniversary of the Execution Date.
- d) issuance of common share with a fair market value of USD \$50,000 on or before the fifth anniversary of the Execution Date.
- e) issuance of common share with a fair market value of USD \$50,000 on or before the sixth anniversary of the Execution Date.

#### iii) Exploration expenditures

- a) incur USD \$250,000 in exploration on or before the first anniversary of the Execution Date (extended to the second anniversary of the Execution Date).
- b) incur USD \$300,000 in exploration on or before the second anniversary of the Execution Date.
- c) incur USD \$400,000 in exploration on or before the third anniversary of the Execution Date.
- d) incur USD \$500,000 in exploration on or before the fourth anniversary of the Execution Date.
- e) incur USD \$500,000 in exploration on or before the fifth anniversary of the Execution Date.
- f) incur USD \$750,000 in exploration on or before the sixth anniversary of the Execution Date.

- iv) Exploration expenditures – completed as of October 31, 2018
  - a) the Company incurred US\$24,895 of expenditures by making payments: (i) US\$23,095.00 to the United States Department of the Interior Bureau of Land Management, and (ii) US\$1,792.00 to the Elko County Recorder’s Office for 2017 taxation year.
  - b) the Company incurred US\$25,093 of expenditures by making payments: (i) US\$23,195.00 to the United States Department of the Interior Bureau of Land Management, and (ii) US\$1,898.00 to the Elko County Recorder’s Office for 2018 taxation year.
  - c) the Company has paid the cash option payment of US\$25,000.
  - d) the Company incurred US\$76,384 of exploration expenditures as of October 31, 2018 on the Medicine Property.

### **Revenues**

Due to the Company’s status as an exploration and development stage mineral resource company, and a historical lack of commercial production from its former property, the Company currently does not have any revenues from its operations.

### **General and Administrative Expenses**

The Company incurred a loss and comprehensive loss for the six month period ended October 31, 2018 of \$310,432 (2017 - \$25,525).

A brief explanation of the significant changes in expense categories is provided below:

- i) Consulting fees of \$20,000 (2017 - \$Nil) related to the hiring of a consultant for communication services during the current period.
- ii) Filing fees of \$16,351 (2017 - \$Nil) increased due to the regulatory fees paid for the resumption of trading on the stock exchange.
- iii) Management fees of \$95,000 (2017 - \$30,000) increased due to the fees and bonuses paid or accrued to the newly appointed Chief Executive Officer agreed upon signing during the current period.
- iv) Office and miscellaneous of \$154,085 (2017 - \$1,445) increased due to the increased in activities during the current period.
- v) Professional fees of \$17,982 (2017 – recovery of \$2,255) increased due to the timing of the reversal accrual during the comparative period.
- vi) Travel and promotion expense of \$17,852 (2017- \$4,317) increased due to more trips taken for conferences and site visits during the current period.
- vii) Write-off off accounts payable \$11,200 (2017 - \$1,200) as the outstanding amount has exceeded the statute of limitation.

The Company incurred a loss and comprehensive loss for the three month period ended October 31, 2018 of \$213,998 (2017 - \$8,892).

- i) Consulting fees of \$20,000 (2017 - \$Nil) related to the hiring of a consultant for communication services during the current period.

- ii) Filing fees of \$14,931 (2017 - \$8,945) increased due to the regulatory fees paid for the resumption of trading on the stock exchange.
- iii) Management fees of \$65,000 (2017 - \$15,000) increased due to the fees and bonuses paid or accrued to the newly appointed Chief Executive Officer agreed upon signing during the current period.
- iv) Office and miscellaneous of \$106,429 (2017 - \$921) increased due to the increased in activities during the current period.
- v) Professional fees of \$8,250 (2017 – \$921) increased due to the timing of the reversal accrual during the comparative period.
- vi) Travel and promotion expense of \$10,428 (2017- \$1,245) increased due to more trips taken for conferences and site visits during the current period.
- vii) Write-off off accounts payable \$11,200 (2017 - \$Nil) as the outstanding amount has exceeded the statute of limitation.

### Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the last eight quarters.

<b>Three Months Ended</b>	<b>October 31, 2018</b>	<b>July 31, 2018</b>	<b>April 30, 2018</b>	<b>January 31, 2018</b>
Interest Income	\$ -	\$ -	\$ -	\$ -
Exploration and Evaluation Assets	-	-	-	-
Deficit	4,418,576	4,204,578	4,108,144	3,907,653
Net Loss	(213,998)	(96,434)	(200,491)	(143,157)
Basic and Diluted Loss Per Share	(0.00)	(0.00)	(0.00)	(0.00)
<b>Three Months Ended</b>	<b>October 31, 2017</b>	<b>July 31, 2017</b>	<b>April 30, 2017</b>	<b>January 31, 2017</b>
Interest Income	\$ -	\$ -	\$ -	\$ -
Exploration and Evaluation Assets	-	-	-	-
Deficit	3,764,496	3,755,604	3,738,971	3,761,418
Net Loss	(8,892)	(16,633)	22,447	(32,322)
Basic and Diluted Loss Per Share	(0.00)	(0.00)	(0.00)	(0.00)

During the three month period ended April 30, 2017, the Company recorded net income of \$22,447. The increase over previous quarters was primarily a result of an \$88,884 gain on reversal of accounts payable.

During the three month period ended January 31, 2018, the Company recorded net loss of \$143,157. The decrease over previous quarters was primarily a result of \$61,332 of filing fees incurred related to the resumption of trading on the stock exchange.

## Liquidity and Capital Resources

At October 31, 2018, the Company had cash of \$271,032 (April 30, 2018 – \$30,208).

At October 31, 2018, the Company had a working capital of \$551,109 (April 30, 2018- deficiency of \$71,282).

During the year ended April 30, 2016, the Company received a \$5,000 loan accruing 10% interest per annum, repayable on the earlier of July 23, 2016 and the date the Company completes its next private placement. During the year ended April 30, 2017, the Company missed the repayment date and interest continues to accrue. During the period ended October 31, 2018, the loan amount of \$6,597 was fully repaid and accrued interest expenses of \$211. As of October 31, 2018, the loan payable was \$Nil (April 30, 2018 - \$6,386).

The Company expects its current capital resources will not be sufficient to meet its business objectives or day-to-day operations through its next quarter or current operating year, and that its continuation as a going concern will be dependent on its ability to raise additional funds through equity issuances. There is no guarantee the Company will be successful in that regard. See “Overview and Going Concern” above.

During the period ended October 31, 2018, the Company closed a first a first tranche non-brokered private placement financing of 11,005,000 units at a price of \$0.10 per unit for gross proceeds of \$1,100,500. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.20 per share for 24 months following the closing date, subject to an accelerated expiry if the closing price of the Shares is equal to or greater than \$0.30 for twenty consecutive trading days at any time following four months after the date of closing. The Company paid \$45,640 cash and issued 600,040 shares (valued at \$60,040) as share issuance costs.

## Financial Risk Factors

The Company’s financial instruments consist of cash, receivables, accounts payable and accrued liabilities, and loans payables. The fair value of these financial instruments, other than cash, approximates their carrying values due to the short-term nature of these instruments. Cash is measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

a) Currency risk

The Company is exposed to nominal foreign currency risk.

b) Credit risk

Credit risk is risk of financial loss to the Company if the counterparty to a financial statement fails to meet its contractual obligations. The Company’s cash is held in large Canadian financial institutions and is not exposed to significant credit risk.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it only holds non-interest bearing debt.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. At October 31, 2018, the Company had cash of \$271,032 and current liabilities of \$77,258. This emphasizes that the Company’s ability to continue as a going concern is dependent on management’s ability to raise the required capital through

future equity or debt issuances. See “Liquidity and Capital Resources” above. There is no guarantee that the Company will be able to raise capital. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

e) Price risk

The ability of the Company to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of commodities. The Company monitors these prices to determine the appropriate course of action to be taken.

### **Related Party Transactions**

The Company defines key management as officers and directors. During the period ended October 31, 2018, the Company:

- i) paid or accrued management fees of \$32,500 (2017 - \$30,000) to a director of the Company.
- ii) paid or accrued management fees of \$62,500 (2017 - \$Nil) to the Chief Executive Officer (“CEO”) of the Company.
- iii) paid or accrued professional fees of \$6,000 (2017 - \$Nil) to the Chief Financial Officer (“CFO”) of the Company.

Included in prepaid expenses as at October 31, 2018 is \$Nil (April 30, 2018 - \$5,000) paid to the Company’s CEO and \$13,100 (April 30, 2018 - \$5,000) paid to a Company’s director.

Included in accounts payable and accrued liabilities as at October 31, 2018 is \$1,495 (April 30, 2018 - \$3,000) owed to officers and a director of the Company.

During the year ended April 30, 2018, the Company issued 5,222,229 common shares to a director of the Company to settle an aggregate of \$456,945 of indebtedness.

### **Off Balance Sheet Arrangements**

The Company is not a party to any off balance sheet arrangements or transactions.

### **Changes in Accounting Policies and Future Accounting Pronouncements**

Please refer to the condensed interim financial statements for the period ended October 31, 2018 located on [www.sedar.com](http://www.sedar.com).

### **Critical Accounting Estimates**

Please refer to the condensed interim financial statements for the period ended October 31, 2018 located on [www.sedar.com](http://www.sedar.com).

### **Contingencies**

There are no contingent liabilities.

### **Management’s Responsibility for Financial Statements**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for

certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the financial statements.

### Other MD&A Requirements

As at December 21, 2018, the Company had the following outstanding:

- Common shares - 45,162,232 outstanding
- Option

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Options Outstanding	Exercise Price	Expiry Date
3,400,000	\$0.10	6-Nov-23

- Warrants

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Warrants Outstanding	Exercise Price	Expiry Date
11,005,000	\$0.20	2-Oct-21