

**GRIZZLY DISCOVERIES INC.**  
(the "Company" or "Grizzly")

**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")**  
**FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2019**

The following MD&A, approved by the Audit Committee on behalf of the Board of Directors of the Company on March 29, 2019, should be read together with the Company's condensed consolidated interim financial statements for the three and six months ended January 31, 2019 and 2018 and the notes thereto and the Company's consolidated financial statements for the years ended July 31, 2018 and 2017 and the notes thereto (the "Financial Statements") prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated 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. Certain statements contained in this MD&A constitute forward-looking statements. The use of any words such as "anticipate", "continue", "estimate", "expect", "intend", "may", "will", "project", "should", "believe" and similar expressions are intended to identify 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.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of the 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.
- 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 except as required by law.

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 "Mining Risks" and "Business Risks".

**Description of Business**

Grizzly Discoveries Inc. is an early stage multiple commodity exploration company engaged in the acquisition, exploration and potential future development of potash and diamonds on properties in Alberta and precious and base metals on properties in British Columbia.

Grizzly is a reporting issuer in Alberta, and trades on the TSX Venture Exchange under the symbol GZD, on the Frankfurt Stock Exchange under the symbol G6H - WKN-A0F464, and on the OTCQB under the symbol GZDIF.

## Overall Performance

The Company has no operating revenue to date; the only cash income earned is from interest on deposits. The Company relies on the issuance of common shares to finance exploration and to provide working capital. Most the Company's financial assets are expended in the acquisition and exploration of its mineral properties, which is reflected in the Company's consolidated financial statements as an increase in mineral properties on the consolidated statement of financial position.

Additions to the capitalized balance of the Company's mineral properties in the current and comparative years are detailed in the following tables:

	<b>Alberta Diamond Properties</b>	<b>Alberta Potash Properties</b>	<b>BC Precious Metals Properties</b>	<b>Total</b>
	\$	\$	\$	\$
July 31, 2017	1	1	8,296,166	8,296,168
Acquisition and land use	1,969	6,731	-	8,700
Fieldwork and geological consulting	2,083	63	7,126	9,272
Mineral tax credit	-	-	(2,137)	(2,137)
Impairment	(4,052)	(6,794)	(273)	(11,119)
January 31, 2018	1	1	8,300,882	8,300,884
July 31, 2018	1	1	6,801,785	6,801,787
Acquisition and land use	2,641	5,418	1,973	10,032
Fieldwork and geological consulting	1,287	258	46,841	48,386
Mineral tax credit	-	-	(8,053)	(8,053)
Impairment	(3,928)	(5,676)	-	(9,604)
January 31, 2019	1	1	<b>6,842,546</b>	<b>6,842,548</b>

## Selected annual information

The following table summarizes audited financial data for annual operations reported by the Company for the three most recently completed financial years.

<b>For the year ended</b>	<b>July 31, 2018</b>	<b>July 31, 2017</b>	<b>July 31, 2016</b>
Total assets (\$)	7,049,692	8,427,084	8,469,444
Mineral properties (\$)	6,801,787	8,296,168	8,285,128
Current liabilities (\$)	75,100	71,854	73,119
Interest income (\$)	1,797	753	940
Net loss (\$)	1,913,596	255,509	3,191,760
Basic and diluted loss per common share (\$)	0.03	0.00	0.06
Weighted average number of common shares outstanding	57,626,605	53,413,542	50,173,092

## Summary of quarterly results

The following table summarizes financial data reported by the Company for the most recent eight quarters:

Period ended	Jan 31, 2019	Oct 31, 2018	Jul 31, 2018	Apr 30, 2018	Jan 31, 2018	Oct 31, 2017	Jul 31, 2017	Apr 30, 2017
Net loss (\$)	35,488	211,625	1,815,289	33,409	46,187	18,711	124,263	53,054
Basic and diluted loss per common share (\$)	0.00	0.00	0.03	0.00	0.00	0.00	0.00	0.00

Fluctuations in the Company's net loss are due primarily to: the recognition of share based compensation costs arising from the issuance and vesting of stock options, and impairment charges. Specific variances in the current three and six month periods compared to the comparative periods are discussed below.

### Results of Operations – Three Months Ended January 31, 2019

The Company incurred a net loss for the three months ended January 31, 2019 of \$35,488 (2018 – \$46,187). Items comprising the net loss varied in the three months ended January 31, 2019 compared to the three months ended January 31, 2018 as explained below.

General and administrative expenses incurred in the three months ended January 31, 2019 totaled \$31,677 (2018 - \$23,193). A description of significant variances between the periods follows:

- Advertising and promotion costs of \$1,042 (2018 – \$1,538) were incurred for promotion of the Company and included a recovery of \$3,815 pursuant to the issuance of 431,138 common shares of the Company to AGORA Internet Relations Corp. pursuant to an agreement dated February 17, 2017 which were accrued for in the three months ended October 31, 2018 at \$0.08 per common share and issued in January 31, 2019 at \$0.07 per common share.
- Conference and corporate travel costs of \$3,610 (2018 – nil) were incurred by management relating to promotion of the Company to investors.
- Consulting fees of \$12,000 (2018 – \$12,000) were paid to management and consultants for the management and normal business operations of the Company.
- Office and administration costs of \$2,647 (2018 - \$5,018) were incurred in the period for regular office costs including: office rent; office supplies; insurance; computer software; and communications and internet and, in the comparative period, advance costs related to the Company's annual general meeting held in February 2018. The Company has minimized its ongoing office costs and expects to maintain a low administrative cost structure for the foreseeable future.
- Regulatory and transfer fees of \$10,604 (2018 - \$5,157) were incurred to the Company's transfer agent and fees paid to the TSX Venture exchange and, in the current period, to OTC Markets related to the Company's listing on the OTCQB exchange.
- Professional fees of \$1,774 (2018 – \$520) was recorded primarily for incidental costs related to the Company's year end audit, as well as for routine corporate legal services.

In the three months ended January 31, 2018, the Company recorded share based compensation expense of \$15,000 (2019 – nil) from the issuance and vesting of options issued in the period. The valuation of stock options has been calculated using the Black Scholes option pricing model.

In the three months ended January 31, 2019, the Company recorded net mineral property impairments totaling \$4,340 (2018 – \$8,171) in mineral property costs related to its Alberta Potash properties, its Alberta Diamond properties, and, in the comparative period, certain other BC Metals properties, which have previously been impaired on the consolidated statements of financial position to a nominal amount of \$1 in the consolidated statements of loss.

Offsetting the above expenses was interest income of \$529 (2018 – \$177) earned from financial institutions on the Company's cash deposits.

### **Results of Operations – Six Months Ended January 31, 2019**

The Company incurred a net loss for the six months ended January 31, 2019 of \$247,113 (2018 – \$64,898). Items comprising the net loss varied in the six months ended January 31, 2019 compared to the six months ended January 31, 2018 as explained below.

General and administrative expenses incurred in the six months ended January 31, 2019 totaled \$92,199 (2018 - \$39,214). A description of significant variances between the periods follows:

- Advertising and promotion costs of \$37,082 (2018 – 2,715) were incurred for promotion of the Company and included a non-cash expense of \$26,708 related to the issuance of 431,138 common shares of the Company to AGORA Internet Relations Corp. pursuant to an agreement dated February 17, 2017. In the three months ended October 31, 2017, the Company had assessed that no further shares were issuable to Agora under the agreement however, subsequent to October 31, 2018, the Company and Agora determined that the balance of shares from the February 17, 2017 agreement are payable. The Company issued the 431,138 common shares to Agora in January 2019.
- Conference and corporate travel costs of \$7,271 (2018 – \$390) were incurred by management relating to promotion of the Company to investors.
- Consulting fees of \$24,000 (2018 – \$24,000) were paid to management and consultants for the management and normal business operations of the Company.
- Office and administration costs of \$6,218 (2018 - \$7,560) were incurred in the period for regular office costs including: office rent; office supplies; insurance; computer software; and communications and internet. The Company has minimized its ongoing office costs and expects to maintain a low administrative cost structure for the foreseeable future.
- Regulatory and transfer fees of \$14,751 (2018 - \$7,984) were incurred to the Company's transfer agent and fees paid to the TSX Venture exchange and, in the current period, to OTC Markets related to the Company's listing on the OTCQB exchange.
- Professional fees of \$2,877 (2018 – \$1,995) was recorded primarily for incidental costs related to the Company's year end audit, as well as for routine corporate legal services.

In the six months ended January 31, 2019, the Company recorded share based compensation expense of \$150,500 (2018 - \$15,000) from the issuance and vesting of options issued in the period. The valuation of stock options has been calculated using the Black Scholes option pricing model.

In the six months ended January 31, 2019, the Company recorded net mineral property impairments totaling \$9,604 (2018 – \$11,119) in mineral property costs related to its Alberta Potash properties, its Alberta Diamond properties, and certain other BC Metals properties, which have previously been impaired on the consolidated statements of financial position to a nominal amount of \$1 in the consolidated statements of loss.

In the six months ended January 31, 2019, the Company incurred expenses on its mineral properties sufficient to renounce \$20,000 in eligible expenditures to purchasers of flow through shares in the year ended July 31,

2018. As a result, the Company has recognized the related deferred flow through liability of \$4,000 as other income in the period.

Offsetting the above expenses was interest income of \$1,190 (2017 – \$435) earned from financial institutions on the Company's cash deposits.

## **Financial Instruments**

### **Financial instrument classification**

Grizzly's financial instruments recognized on the consolidated balance sheets consist of cash and cash equivalents, restricted cash, accounts receivable (included in other current assets) and accounts payable and accrued liabilities.

Grizzly has designated its cash and cash equivalents and restricted cash as loans and receivables, and accordingly they are recognized on the consolidated balance sheet at amortized cost.

Accounts payable and accrued liabilities have been classified as other liabilities, and are measured at amortized cost.

The estimated fair market values of the Grizzly's financial instruments approximate their carrying values due to their short-term nature.

Purchases and sales of financial assets will be accounted for using trade-date accounting, and transaction costs on financial instruments other than those classified as held for trading will be recognized in profit and loss in the period in which they occur.

Grizzly has no unrecognized financial instruments or derivative financial instruments nor any "off-balance sheet" arrangements.

### **Capital management**

The Company monitors its equity as capital.

Grizzly's objectives in managing its capital are to maintain a sufficient capital base to support its operations and to meet its short-term obligations and at the same time preserve investor's confidence and retain the ability to seek out and acquire new projects of merit.

Grizzly's objectives in managing its capital are: to maintain corporate and administrative functions necessary to support its operations and corporate functions; to perform mineral exploration activities on its exploration projects; and to seek out and acquire new projects of merit.

### **Financial Instruments**

The Company is exposed to the following financial risks:

- i) Market risk
- ii) Credit risk
- iii) Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This section describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated.

#### General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board and the Company's finance function is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility and to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. Further details regarding these policies are set out below.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, other price risk.

#### *Currency risk*

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company maintains a negligible United States of America Dollar ("USD") cash balance for incidental USD expenses, therefore is not exposed to a material amount of currency risk.

#### *Interest rate risk*

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds no interest-bearing financial liabilities; therefore interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with its financial institution. The Company considers this risk to be minimal.

#### Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents.

The Company has assessed its exposure to credit risk on its cash and cash equivalents and has determined that such risk is minimal. The majority of the Company's cash and cash equivalents are held with reputable financial institutions in Canada.

#### Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To achieve this objective, the Company regularly monitors working capital positions and updates spending plans as considered necessary. Further, the Company utilizes authorizations for expenditure on exploration projects to further manage expenditures. Monthly working capital and expenditure reports are prepared by the Company's finance function and presented to management for review.

At January 31, 2019, the Company's current liabilities consisted of accounts payable and accrued liabilities of \$73,751 (July 31, 2018 - \$71,100) due within the subsequent fiscal year. The Company's cash and cash equivalents of \$50,756 at January 31, 2019 (July 31, 2018 - \$149,920) are not sufficient to pay these cash-settled current liabilities.

The Company has made arrangements with a creditor, to which is owed approximately \$24,000 in overdue accounts payable at January 31, 2019 and July 31, 2018, included in accounts payable and accrued liabilities, for exploration and claim maintenance on the Company's mineral properties, to delay collection until the Company has obtained additional financing.

Additional funding is required to continue exploration on the Company's mineral properties. If management is unable to secure additional financing, the Company will reduce ongoing administrative costs, expected to result in a severe reduction in the Company's operational and administrative capacity.

The Company has an additional outstanding obligation to conduct reclamation activities at two exploratory well sites in Alberta estimated at a discounted present value of \$200,643 (July 31, 2018 - \$200,643), recorded as a non-current provision in the consolidated statements of financial position. The continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future. Grizzly will have to seek, and intends to seek, additional debt or equity financing, and there can be no assurance that such financing will be available on terms acceptable to the Company.

#### Determination of fair value

The consolidated statement of financial position carrying amounts for cash and cash equivalents, restricted cash, and accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

#### **Liquidity and Capital Resources**

The Financial Statements have been 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, particularly the exploration and potential development of its mineral properties, are dependent upon its ability to continue to obtain adequate financing in the future, for which there is no guarantee the Company will be successful in obtaining on terms acceptable to the Company.

#### *Options exercised*

During the six months ended January 31, 2019, the Company received aggregate proceeds of \$41,250 and issued an aggregate 725,000 common shares of the Company from the exercise of outstanding stock options.

#### **Outstanding Share Data**

The following table summarizes the Company's outstanding share capital as at the date of this MD&A:

Common shares outstanding	63,149,047
Warrants, \$0.10, weighted average 1.0 years remaining	6,298,504
Stock options, \$0.08, weighted average 3.3 years remaining	<u>6,225,000</u>
Fully diluted	<u><b>75,672,551</b></u>

## Changes in Management

On September 24, 2018, the Company's Board of Directors appointed Jo Price, M.Sc., MBA, P.Geo., as an interim appointment to the Board of Directors. Jo is an independent geological consultant to a number of junior mining and exploration companies with more than 20 years in the field, including 10 years in project management. She has worked on multiple gold, poly-metallic, and graphite projects in the USA, Australia, and Canada. Jo has a Bachelor of Science in Geology (1995) from the University of Wales, College of Cardiff, and a Master of Science in Geology (1997) from Dalhousie University in Halifax. Jo is a professional geologist registered with the Association of Professional Engineers and Geoscientists of Alberta (APEGA) and Association of Engineers and Geoscientists of British Columbia (APEGBC). During her career, Jo has managed multi-million dollar exploration programs overseeing technical direction, budgets, and operations. She has extensive experience in field operations, drill programs, technical database administration, land management, community relations, and exploration permitting in multiple jurisdictions. Jo currently serves as Vice President of Exploration for K2 Gold Corp.

## Mineral Properties

The Company's primary business is the acquisition and exploration of mineral claims with the ultimate goal of defining one or more mineral resources in order to either develop for production or vend to a third party. The Company holds or has a majority interest in:

- two precious-base metal properties in British Columbia, including the extensive **Greenwood Project** approximately 33% of which is under option by a subsidiary of Kinross Gold Corporation to earn up to an 75% interest, and the recently acquired, 100% owned, **Robocop Property**;
- the Company also holds 100% interest in the **Alberta Potash Project** consisting of three wholly-owned mineral claims in Alberta and the **Alberta Diamond Project** hosting diamondiferous kimberlites discovered by Grizzly in 2008.

Summaries of each of the Company's principal projects are below. More information can be viewed on SEDAR.com and the Company's website. The reader should note that any potential future exploration programs mentioned below are subject to the Company obtaining financing on terms acceptable to the Company.

## Updates

### *Highlights of the 2018 Kinross Exploration Program*

On February 25, 2019, the Company announced that Kinross Gold Corporation's wholly owned subsidiary, KG Exploration (Canada) Inc. ("Kinross") had completed its 2018 work program on the Grizzly Greenwood property, located near Greenwood in southern B.C. The 2018 work program, through drilling, has confirmed the presence of extensive epithermal alteration at the Midway target area.

Kinross is planning further exploration within the Greenwood option area for 2019. Current plans and budget are in planning are still to be confirmed.

The portions of Grizzly's Greenwood Project being explored by Kinross is 100% owned by Grizzly Discoveries Inc. and includes 131 claims that form a contiguous package totaling approximately 27,346 hectares, representing approximately one third of Grizzly's land holdings at Greenwood. Under the terms of a September 2015 agreement, KG Exploration (Canada) Inc. can earn a 75% interest on the optioned land pursuant to an Option Agreement with Grizzly on portions of its land holdings in southeastern British Columbia, by incurring US\$3 million in exploration expenditures over a 5 year period. KG Exploration (Canada) Inc. has incurred approximately CA\$1,280,500 in exploration expenditures to date.

The 2018 exploration program drilled 4 HQ core holes at the Midway epithermal target area, immediately east of 2017 drilling, focusing on a structure aligned with a significant hydrothermal breccia showing. In addition,

limited surface sampling and geological mapping were carried out at the Midway and a few other target areas. A total of 1,420 m of core drilling was completed in 4 holes at the Midway target area, testing the down-dip extent of hydrothermal features documented on surface. KG Exploration completed approximately \$370,984 worth of exploration during 2018.

Drilling, at the Midway epithermal target area in 2018, yielded weak gold and silver mineralization with up to 0.25 grams per tonne (g/t) gold (Au) and up to 7.93 g/t silver (Ag) over 1.0 m core length in hole 1, from a hydrothermally brecciated and intensely argillic altered volcanic-sedimentary sequence interpreted as part of the Eocene Marron Formation. Extensive argillic alteration along with widespread brecciation and sporadic sulphide mineralization, with occasional low grade but anomalous gold and silver, was intersected in all 4 holes. Kinross has indicated that further work is warranted for the Midway area, which should follow up the extensive epithermal zone that has been mapped and drilled to date.

#### *Cobalt review*

During late 2017, the Company performed an initial review to see if its land holdings were prospective for the presence of cobalt (Co). The strategic review identified the presence of at least 13 rock grab samples with greater than 0.05%, including up to 0.10% Co, from at least five separate target occurrences across the eastern half of Grizzly's Greenwood Project area. The database shows an additional 31 rock grab samples that have yielded assays of between 0.02 and 0.05% Co. Maps showing the anomalous values and locations for Co at the Greenwood Project are provided on the Company's website at:

<https://www.grizzlydiscoveries.com/projects/greenwood.html>.

A preliminary review of the sample database indicates that many of the rock samples with anomalous Co also contain anomalous values for Cu and precious metals including Au and Ag. In many cases, the samples with anomalous Co were collected from Cu-enriched skarn and hornfels developed in Paleozoic sediments and intrusions, where the original sampling targeted precious metals. Grizzly has initiated a property wide review, including its extensive soil and drillhole database along with much of the historic data for the district that it has compiled over the years. The goal will be to target potential Co-Cu-Au-Ag mineralization associated with skarn across the district and come up with targets for follow-up exploration during 2019.

#### **2019 Exploration plans**

The Company's 2019 exploration plans are summarized below:

- The Company submitted permit applications to conduct drilling at three targets on its Greenwood Project; Ket 28 (Rock Creek Block), Motherlode North (Motherlode) and Dayton (Dayton-Sidley Block) targets
- 2019 exploration (subject to financing) is intended to focus on drilling at the Ket 28 gold prospect with aspirations to outline a maiden resource
- Secondary focus on Motherlode North (precious metals) and Dayton (copper-gold porphyry)
- Additional follow up surface exploration is planned for a number of mineralized target areas that have yielded copper-cobalt geochemical anomalies in surface sampling obtained through the Company's previous exploration
- The Company has obtained a quote and is intending to fly a helicopter airborne geophysical survey over the Robocop claim package as soon as funding is obtained.
- Grizzly has commenced land use permitting for drilling at the Robocop Property and it is anticipated to be ready for a 2019 drilling campaign.

#### **Robocop Property**

On May 25, 2018, the Company completed the acquisition of five mineral claims in British Columbia (the "Robocop Property") pursuant to a letter of intent ("Robocop LOI") announced March 27, 2018 and a definitive agreement dated May 11, 2018 ("Robocop Agreement") with several arm's length individuals ("Vendors").

Under the terms of the Robocop Agreement, Grizzly acquired a 100% interest in the Robocop claims, subject to a 3% net smelter royalty (“NSR”). The Company has the right to purchase 2/3 of the NSR for \$1,500,000 within two years after the delivery of a positive feasibility study.

The Company issued a total of 2,000,004 units as consideration for the Robocop Property, where each unit consisted of one common share of Grizzly and one common share purchase warrant exercisable at \$0.14 within three years of the date of issuance.

The Robocop Property is located in southeastern British Columbia, approximately 45 kilometres (km) south of Fernie and 70 km southeast of Cranbrook, and is immediately north of the Canada-USA border. The Robocop Property is comprised of 5 mineral claims totalling 9,891 acres, and is located east of Grizzly’s Greenwood Property in southeastern British Columbia.

Areas with significant historic cobalt-copper-silver (Co-Cu-Ag) in soil anomalies have been identified on the Robocop Property. Additionally, historic drilling during the 1990’s (Teck Explorations Ltd.) and early 2000’s (Ruby Red Resources) has yielded grades of up to 0.18% Co, 0.28% Cu, 4.1 parts per million (ppm) Ag over 1 m core length (Pighin, 2009) and 0.134% Co, 1.19% Cu and 33.8 ppm Ag over 1.23 m core length (Thomson, 1990) for individual core samples. The Co-Cu-Ag mineralization is hosted in Sheppard Formation and is classified as Proterozoic sediment hosted mineralization. Grizzly believes that significant potential exists to expand the known extent of the known Co-Cu-Ag mineralization on the Property and further exploration is warranted.

During 2018, Grizzly mobilized a field crew to the Robocop Cobalt-Copper-Silver (Co-Cu-Ag) project near Roosville in southeast B.C. The field crew, provided by APEX Geoscience Ltd., conducted and completed a two week surface exploration program in advance of a follow-up airborne geophysical survey.

Highlights for the 2018 Robocop Property work program include:

- Cu-Co mineralization has been identified and sampled 3.8 km to the northwest (Miller Creek) and 3.2 km south (Phillips Creek South) of the main Robocop showings, demonstrating lateral continuity of anomalous Cu-Co mineralization within the Sheppard formation sediments.
- Miller Creek showings yielded up to 1.41% Cu, 0.62% Cu and 0.015% Co from three separate grab samples from sulphide bearing Sheppard Formation sandstones
- Phillips Creek South returned up to 0.09% Cu and 0.01% Co in limited rock grab sampling from an area with no history of anomalous Cu-Co mineralization
- Sampling the main Robocop showings confirmed previous anomalous results with grab samples returning up to 1.46% Cu and 0.036% Co in two separate samples in the area of the historic trenching and drilling.

## **Greenwood Project**

### *Southern British Columbia*

Since 2008, the Company has consolidated a previously fragmented historic mining camp with mineral claims covering approximately 180,000 contiguous acres in South-central British Columbia, in the historically productive *Republic-Greenwood Gold District*, abutting the border with the United States.

The *Republic-Greenwood Gold District* has historically produced an aggregate of more than 6 million ounces of gold (“Au”) prior to Grizzly’s acquisition of the Greenwood Project. The Greenwood Project also sits less than 10 kilometers (“km”) north of the Buckhorn Gold Mine, Kinross” producing gold mine in the US, which had a 1.2 million ounce (“oz”) gold resource at 16 grams/tonne of gold (“g/t Au”) at start up in 2010, and less than 50 km north of the Golden Eagle Project, having greater than two million ounce gold resource. Based on compilation, assessment, and exploration work conducted by the Company, Grizzly believes that a large portion of the Greenwood Project lands cover a continuation of the same geological structures as these two mines.

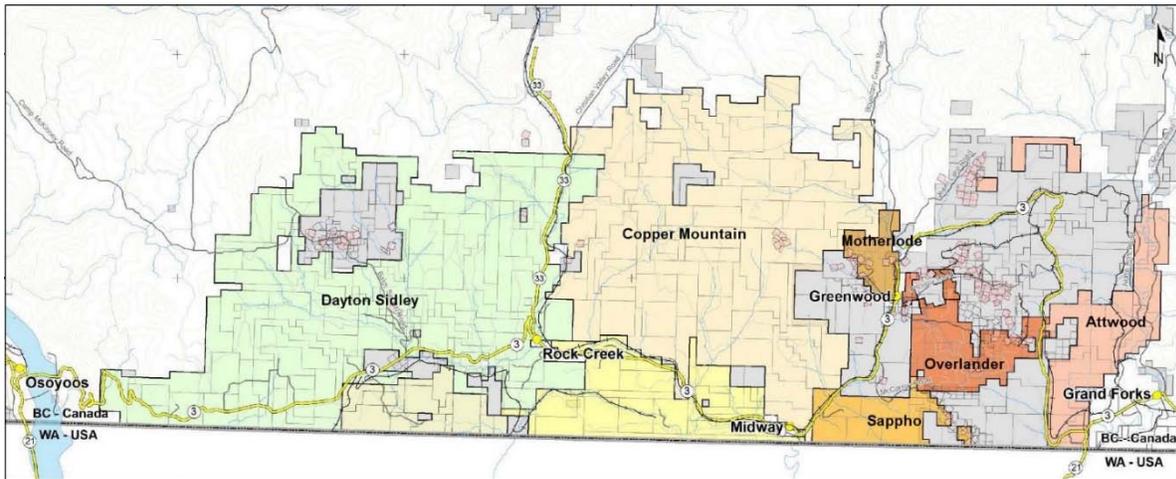


Figure 1: Greenwood Project

Please see the NI 43-101 Technical Report on the Greenwood Project, dated November 26, 2013, as published on SEDAR and the Company's website at [www.grizzlydiscoveries.com](http://www.grizzlydiscoveries.com).

#### Kinross Option Exploration Program

On September 23, 2015, the Company entered into an agreement ("Kinross Option") with a subsidiary of Kinross Gold Corporation ("Kinross") whereby the Company granted to Kinross the option to earn a 75% interest in certain mineral claims within the Company's Greenwood Gold Project, covering approximately 27,000 hectares (approximately one third of the area comprising the Greenwood Gold Project), by completing US \$3,000,000 in exploration expenditures, with a minimum of 3,000 metres of diamond drilling, including a minimum of 750 metres of diamond drilling and expenditures totaling US \$750,000 by September 23, 2017. In order to earn its 75% interest, Kinross must complete the expenditures within five years of signing the Kinross Option. Provided Kinross completes the option, the Kinross Option provides that the Company and Kinross shall subsequently enter a joint venture with dilution provisions. Upon being diluted to a 10% interest, the diluted party's interest will convert to a 2% net smelter royalty. The Kinross Option primarily covers mineral claims within the Midway, Sappho, Overlander and Attwood blocks.

Kinross has completed small ground exploration programs in 2015 through 2018 and the Company expects that Kinross will continue to earn in to the option in 2019.

Kinross undertook a planned 1,200 m drill program at the Midway area during July and August, 2018, to continue the proof of concept drilling at the Midway Epithermal Target intersected in 2017. Proof-of-concept drilling in 2017 intersected silicification, alteration, anomalous geochemistry, and minor quartz veining in 2 out of 3 holes along strike, warranting further follow-up exploration. Further details of the 2018 results will be provided from Kinross once logging, sampling and assaying is completed.

The 2017 exploration program focused primarily on core drilling at the Midway and Mt Attwood-Overlander target areas. In addition, surface sampling and geological mapping were carried out at the Midway, Attwood West and Evening Star target areas. A total of 1,129 m of core drilling was completed in 7 holes, with 3 holes at the Midway target area and 4 holes at the Mt Attwood – Overlander target area. Hole 4 at the Mt Attwood – Overlander area, targeting the Penny/Milo vein complex, was lost prior to intersecting the targeted vein. KG Exploration completed approximately \$US\$761,520 worth of exploration since inception. Accordingly, Kinross has met its second anniversary obligations pursuant to the Kinross Option.

Kinross geologists hypothesize that the Midway Epithermal target is an Eocene-aged epithermal system developed within Triassic clastic sediments and limestone, and Jurassic (possibly) hornblende diorite intrusions, all unconformably overlain by Eocene Kettle River Formation sediments and Marron volcanics.

An approximately 3 m thick blanket of massive silica (locally banded, brecciated and vuggy) occurs at the basal Eocene unconformity. Remnants of this silica blanket occur in outcrop, intermittently over a 1 x 1 km area, in some places replacing Triassic limestone. The massive silica contains elevated gold (Au) (to 1.175 ppm) as

well as locally anomalous arsenic (As), mercury (Hg) and antimony (Sb). Near the eastern end of the (known) silica exposure, up to 15% marcasite occurs as disseminations within the silica, and as cm-scale clasts that exhibit internal banding. This showing is interpreted as representing a hydrothermal vent intersecting the unconformity.

Widespread argillic alteration and more local silicification occur in the footwall of the unconformity. Two separate zones of alteration and veining have been discovered: The western zone is a north-trending 200 m long by 50-75 m wide zone of silicification, with peripheral argillic alteration centered on a north trending fault zone marked by a narrow band of listwanite. Multiple narrow (up to 0.5 m) chalcedonic quartz (+/-quartz breccia) veins (up to 4.2 ppm Au) occur within the broader zone of silicification. A second similar zone of alteration and veining is located 200 m to the east. The target areas were further delineated via a large Au-Cu-Ag +/- Hg, Sb, Se, Ba soil anomaly over the exposed epithermal system.

Rock chip and drill hole results indicate predominately argillic, and lesser propylitic alteration. Kaolinite dominates the argillic suite. The strongest zone of alteration is a north-trending 200 m long by 50-75 m wide zone of silicification near the irregular clastic/intrusive contact centered on a north-trending fault zone. Multiple narrow (to 0.5 m) chalcedonic quartz (+/- quartz breccia) veins occur within the broader zone of silicification. Values of up to 4.2 ppm Au have been recovered from these veins.

### **Alberta Potash Project**

In the year ended July 31, 2016, the Company had impaired the carrying value of the Alberta Potash properties, included in Mineral properties on the consolidated statements of financial position, by \$2,855,699, to a carrying value of \$1, as the Company had not conducted exploration on the properties in several years, does not currently have the financial resources to conduct exploration, and many of the underlying mineral rights have expired.

In the year ended July 31, 2018, the Company re-staked three highly prospective mineral claims in the Alberta Potash Project covering approximately 27,500 ha.

### **Alberta Diamond Project**

#### *Buffalo Head Hills area, North-central Alberta*

The Company's Alberta Diamond Project was its flagship project from inception in 2004 until 2008, when the market appetite for diamond projects weakened significantly. In the last exploration program conducted by Grizzly in 2008, the Company discovered three new diamond-bearing kimberlites, however the Company had not followed up on these discoveries to date as its focus had shifted to the Greenwood Project and the Alberta Potash Project. Hence, the Company has impaired the carrying value of the Alberta Diamond Project.

As at the date of this MD&A, the Company holds three mineral claim blocks totaling 70,702 ha including the Red Earth Block (26,462 ha) on which the Company discovered diamondiferous kimberlites in 2008. The Company is required to conduct exploration on these claims in 2019 in order to retain them in good standing.

### **Risks and Uncertainties**

#### *Mining risks*

The Company is subject to the risks typical in the mining business including uncertainty of success in exploration and development; operational risks including unusual and unexpected geological formations, rock bursts, particularly as mining moves into deeper levels, cave-ins, flooding and other conditions involved in the drilling and removal of material as well as environmental damage and other hazards; risks that intended drilling schedules or estimated costs will not be achieved; and risks of fluctuations in the price of commodities and currency exchange rates. Metal prices are subject to volatile price movements over short periods of time and are affected by numerous factors, all of which are beyond the Company's control, including expectations of inflation, levels of interest rates, sales of gold by central banks, the demand for commodities, global or regional

political, economic and banking crises and production rates in major producing regions. The aggregate effect of these factors is impossible to predict with any degree of certainty.

#### *Business risks*

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

- Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations.
- Financial risks include commodity prices, interest rates and foreign exchange rates, all of which are beyond the Company's control.
- Regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

#### *No Operating History and Financial Resources*

The Company does not have an operating history and has no operating revenues and is unlikely to generate any in the foreseeable future. It anticipates that its cash resources are sufficient to cover its projected funding requirements for the remainder of the fiscal year. Additional funds will be required for general operating costs, and for further exploration to attempt to prove economic deposits and to bring such deposits to production. Additional funds will also be required for the Company to acquire and explore other mineral interests. The Company has limited financial resources and there is no assurance that sufficient additional funding will be available to it fulfill its obligations or for further exploration and development, on acceptable terms or at all. ***Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to forfeit its interests in some or all of its properties or to reduce or terminate its operations.***

#### *Competition*

The mineral exploration and mining business is competitive in all of its phases. The Company will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive mineral properties. The Company's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable prospects for mineral exploration or development. There is no assurance that the Company will be able to compete successfully with others in acquiring such prospects.

#### *Price Volatility and Lack of Active Market*

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly.

### *Key Executives*

The Company is dependent on the services of key executives and a small number of highly skilled and experienced consultants and personnel, whose contributions to the immediate future operations of the Company are likely to be of importance. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled employees or consultants may adversely affect its business and future operations. The Company does not currently carry any "keyman" life insurance on any of its executives. The directors and officers of the Company only devote part of their time to the affairs of the Company.

### *Potential Conflicts of Interest*

Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

### *Dividends*

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the Board of Directors of the Company and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of the Company deem relevant.

### *Nature of the Securities*

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in Company's securities should not constitute a major portion of an investor's portfolio.

### **Outlook**

The Company's primary focus for the foreseeable future will be on raising sufficient capital to continue corporate operations and advancing the exploration and development of its current projects and investigating other prospects for prospective addition to the Company's mineral properties, concurrent with evaluating strategies to enhance shareholder value. The ability of the Company to do so is contingent upon its ongoing ability to raise capital primarily through equity financing.

### **Qualified Person**

The disclosures contained in this MD&A regarding the Company's mineral properties has been prepared by, or under the supervision of, Michael Dufresne, M.Sc., P.Geol., a principal of APEX Geoscience Ltd. and a Qualified Person for the purposes of National Instrument 43-101.

### **Approval**

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the disclosure in this MD&A on March 29, 2019.

**Other Information**

Additional information related to the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).