GOLD TERRA RESOURCE CORP.
(Formerly TerraX Minerals Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS For the three months ended April 30, 2020

This Management's Discussion and Analysis of Gold Terra Resource Corp. (formerly TerraX Minerals Inc.) ("Gold Terra" or the "Company") ("MD&A") provides analysis of the Company's financial results for the three months ended April 30, 2020 and should be read in conjunction with the accompanying audited consolidated financial statements and notes thereto for the year ended January 31, 2020, all of which are available at www.sedar.com. This MD&A is based on information available as at June 29, 2020.

The accompanying unaudited condensed consolidated interim financial statements for the three months ended April 30, 2020 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee. All amounts are expressed in Canadian dollars, unless otherwise stated.

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements. Additional information about the Company is available at www.sedar.com.

The Company was incorporated on August 1, 2007 pursuant to the provisions of the *Business Corporations Act* (British Columbia) under the name of TerraX Resource Corp. On March 31, 2008, the Company amended its notice of articles to change its name to TerraX Minerals Inc. and on February 14, 2020, the Company further amended its notice of articles to change its name to Gold Terra Resource Corp. The Company has one wholly-owned subsidiary, Gold Matter Corporation, that was incorporated under the Business Corporations Act (Ontario).

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A may contain certain statements that may be deemed "forward-looking statements". All statements in this document, other than statements of historical fact, which address events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets" and similar expressions, or events or conditions that "will", "would", "may", "could" or "should" occur. Forward-looking statements in this document include statements regarding future exploration programs, joint venture partner participation, liquidity and effects of accounting policy changes.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory or governmental approvals and general economic, market or business conditions. Readers are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates, opinions or other factors should change except as required by law.

These statements are based on a number of assumptions including, among others, assumptions regarding general business and economic conditions, the timing of the receipt of regulatory and governmental approvals for the transactions described herein, the ability of the Company and other relevant parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for the Company's proposed transactions and exploration and development programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause results to differ materially.

OVERVIEW

During the three months ended April 30, 2020, the Company completed a drilling program at the Sam Otto deposit on its wholly-owned Yellowknife City Gold property ("YCG property") immediately north, south and east of the city of Yellowknife in the Northwest Territories. The drilling program tested the strike and depth extension of the deposit with the objective of expanding the current mineral resource. On November 4, 2019, the Company had announced a maiden mineral resource estimate for the YCG property. The classification of the mineral resource estimate was completed in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) definition standards incorporated by reference in National Instrument 43-101.

The inferred resource estimate of 735,000 ounces consists of:

- A pit-constrained inferred resource of 11.6 million tonnes averaging 1.4 grams per tonne ("g/t") for 523,000 ounces of contained gold;
- An underground inferred resource of 1.2 million tonnes averaging 5.7 g/t for 212,000 ounces of contained gold.

For more details on this mineral resource estimate, please view the Company's news release of November 4, 2019. The Technical Report is available on our web site at www.goldterracorp.com and can be accessed on SEDAR at www.sedar.com.

The YCG property lies within the prolific Yellowknife greenstone belt and covers the northern and southern extensions of the shear system that hosts the former high-grade Con mine (6.1 million ounces produced) and Giant mine (8.1 million ounces produced) for a total of 14 million ounces of gold. The project area contains multiple shears that are the recognized hosts for gold deposits in the Yellowknife gold district, with numerous gold showings and recent high-grade drill results. Being all-season road accessible and all within (10 to 40 kilometres) of Yellowknife, the YCG property is close to vital infrastructure, including transportation, service providers, hydro-electric power and skilled trades people.

For more information on the YCG property, please visit the Company's web site at www.goldterracorp.com.

EXPLORATION OVERVIEW

The Company has conducted a number of exploration programs on the YCG property since acquiring its initial property, the Northbelt (totaling 37 square kilometres), in February of 2013. Subsequently, the Company acquired and staked ground over prospective geology, and as of the date of this MD&A, the property encompasses nearly 790 square kilometres.

Prior to the 2020 winter drilling program, the Company had drilled 61,481 metres in 296 diamond drill holes on the property. The Company announced its first mineral resource estimate in November 2019, which encompasses four gold deposits (Crestaurum, Sam Otto, Mispickel and Barney) within a 3 kilometres radius. It incorporates the results from 463 drill holes totaling 90,751 metres, from which 201 drill holes totaling 42,447 metres were completed by Gold Terra from 2014 to 2019.

2020 Winter Drilling Program

Gold Terra commenced a 10,000 metre winter drilling program at Sam Otto on January 20, 2020 and completed the program in mid-April 2020. The objectives of the drilling campaign were to establish continuity of the Sam Otto mineralized system and potentially increase the current mineral resource.

The Company completed 9,622 metres in 34 holes at Sam Otto and 1,274 metres in two holes targeting the projected trace of Campbell shear zone. The Company also completed an 84.5 line-kilometre IP geophysical survey. The drilling program at Sam Otto was completed on approximate 50 metre centers to a vertical depth of approximately 200 metres and covered a total strike length of 1.8 kilometres.

The assay results from this program were announced on February 24, March 31, April 22, May 11, and May 19.

Highlights from Sam Otto South included:

- 1.30 g/t Au over 50.6m, including 3.02 g/t Au over 9.0m (TSO20-083)
- 1.18 g/t Au over 51.65m, including 2.07 g/t over 11.05m and 2.03 g/t over 13.5m (TSO20-081)
- 1.39 g/t Au over 25.0m, including 2.48 g/t Au over 10.59m (TSO20-058)
- 1.03 g/t Au over 23m, including 1.30 g/t Au over 12m (TSO20-077)
- 0.53 g/t Au over 39.69m, including 6.24 g/t Au over 2.0m (TSO20-053)
- 1.33 g/t Au over 9.77m and 0.99 g/t Au over 8.24m (TSO20-060)
- 1.60 g/t Au over 11.75m (TSO20-078)
- 2.50 g/t Au over 5.75m (TSO20-071)
- 1.18 g/t Au over 11m, including 1.94 g/t Au over 6m (TSO20-074)
- 1.80 g/t Au over 6.30m (TSO20-067)
- 1.05 g/t Au over 9m (TSO20-076)
- 1.09 g/t Au over 7m (TSO20-068)

Overall, the drilling program expanded the footprint of the Sam Otto gold mineralized system. The results demonstrated good continuity of the gold mineralization at greater than 1.0 g/t at Sam Otto Main and South and have expanded the mineralized zone beyond the boundaries of the 2019 mineral resource estimate. From the eight (8) holes drilled in the ‘connector’ zone (area between Sam Otto Main and Sam Otto South), only two (2) holes intersected significant gold mineralization in the northern part:

- 1.06 g/t Au over 12.90m and 1.63 g/t Au over 7.25m (TSO20-063)
- 0.45 g/t Au over 41.96m, including 1.68 g/t Au over 5.00m (TSO20-062)

Gold mineralization encountered at Sam Otto South is in shear zone structures 100 to 200 metres in width with strong sericite alteration and shearing. Gold mineralized zones are directly associated with modest (1 to 2 per cent) sulphide content in sheared and altered intermediate volcanic rocks. These geological characteristics are consistent with what is observed at the Sam Otto Main zone 1.5 kilometres to the north.

On the Northbelt, the Company’s first two drill holes testing the Campbell Shear zone (north of the Giant and Con mines) successfully intersected the favorable stratigraphic sequence associated with the Campbell Shear zone at the Con mine (see news release of June 2, 2020). The Campbell Shear zone is within secondary and tertiary structures associated with a large district-scale structure, the Yellowknife River Fault Zone (“YRFZ”), that straddles the YCG property over 67 kilometres of strike length on the southern and northern extensions. Both holes, drilled 1 kilometre apart, intersected multiple shear zones containing quartz veining and sulphides with one of the holes having visible gold. Although gold values were anomalous (<0.22 g/t), the alteration and shearing indicate similarities to the Campbell Shear structure and potential proximity to high-grade gold mineralization.

2020 Outlook

The Company is completing a compilation of all available data on the high-grade Campbell Shear zone for the next drilling campaign planned for the third quarter of this year. The 10,000 metre drilling program will focus on high-grade gold, testing a number of targets on the Campbell Shear and on further expanding the Crestaurum high-grade deposit along strike and at depth.

Subject to completing this drilling program, the Company anticipates to update the mineral resource estimate for the Sam Otto and Crestaurum deposits.

Property Acquisition

On February 10, 2020, the Company announced that it acquired 100% interest in two claims, Aurora 1 and 2, which are contiguous to YCG property. The acquisition terms are:

- $10,000 cash paid upon TSX-V acceptance for filing of the agreement (paid);
- 100,000 common shares issued upon TSX-V acceptance for filing of the agreement (issued); and
- A 2% net smelter return royalty with a buyback of 1% for $1 million and an additional 0.5% buyback for a further $1 million.

The acquisition of these claims gives the Company an additional 600 metres of known strike on the Ptarmigan vein, as well as the known east extension of the Tom vein. A recent grab sample taken on the Ptarmigan vein at the property boundary between Aurora 2 and Gold Terra's current claims graded 19 g/t Au (see news release of July 25, 2018). This acquisition adds fully accessible high-grade gold targets to be evaluated in the near future.

The technical information contained in this MD&A has been approved by Joseph Campbell, Chief Operating Officer of the Company, who is a Qualified Person as defined in "National Instrument 43-101, Standards of Disclosure for Mineral Projects".

Exploration expenditures

During the three months ended April 30, 2020, the Company incurred $2,527,381 in exploration expenditures on the YCG property, inclusive of geological consulting of $52,588, drilling and assays of $2,042,810, community relations of $28,425, environmental work of $49,388, geophysical consulting of $333,729 and field expenses of $20,441.

CORPORATE OVERVIEW

Changes in Directors and Officers

Effective April 1, 2020, Mark T. Brown was appointed Chief Financial Officer after Gold Terra co-founder and Chief Financial Officer Stuart Rogers announced his retirement. Stuart Rogers will continue to serve as a director.

Effective May 19, 2020 Russell Starr resigned from the Board of Directors.

Expiration of options

Subsequent to April 30, 2020, 1,500,000 stock options expired unexercised.

Financing

On June 25, 2020, the Company announced that it has entered into an agreement with a syndicate of underwriters led by BMO Capital Markets (the "Underwriters"), under which the Underwriters have agreed to buy, on bought deal basis, a combination of common shares ("Common Shares") and charity flow-through common shares ("Charity Flow-Through Common Shares") to provide the Company with gross proceeds of approximately $6 million. 10,000,000 Common Shares will be offered at a price of $0.30 for gross proceeds of $3 million. 8,000,000 Charity Flow-Through Common Shares will be offered at a price of $0.415 for gross proceeds of approximately $3.3 million. The Company has granted the Underwriters an option, exercisable at the offering price for a period of 30 days following the closing of the offering, to purchase up to an additional 15% of securities issued as Common Shares to cover over-allotments, if any. The offering is expected to close on or about July 14, 2020 and is subject to Gold Terra receiving all necessary regulatory approvals.

CURRENT ECONOMIC CONDITIONS

During the calendar year 2019, ongoing global economic weakness made for extremely volatile capital markets characterized by weaker equity prices for mineral exploration companies and an environment in which limited opportunities exist to raise additional capital. While periods of stronger commodity prices have provided financing opportunities which Gold Terra has capitalized on in the past to augment its working capital, management of the Company remains cautious and will continue to take the necessary precautions to maintain its cash reserves. The Company has commitments in the future (in fiscal 2021 and beyond) on its mineral properties and the Company may be forced to abandon and write-off one or more of these properties if the Company does not have the means to meet these commitments or does not feel it is fiscally prudent to do so.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

With the closing of multiple non-brokered private placements and completion of the bought deal financing in fiscal 2020, the Company anticipates having sufficient cash to meet all of its corporate obligations through to the second half of fiscal 2021. The Company continues to review its mineral property commitments as well as its working capital position on an ongoing basis. While management does not believe that the abandonment of any of the Company's mineral properties is required at this time, management may elect to abandon properties when obligations become due if deemed necessary in order to maintain the long-term viability of the Company.

RESULTS OF OPERATIONS

Results of Operations – Three months ended April 30, 2020 compared to three months ended April 30, 2019

Operating expenses for the three months ended April 30, 2020 (the "current period") totaled $690,840 as compared to $540,686 incurred during the three months ended April 30, 2019 (the "comparative period"). The significant variances in expenditures were as follows:

Depreciation expense of $3,973 was incurred for a right-to-use asset during the current period compared to $20,984 during the comparative period. The significant decrease is due to the Company's decision to sublease its office.

Management fees of $166,631 were incurred during the current period as this amount during this current period includes fees paid to the Executive Chairman and Chief Executive Officer. This compares to management fees paid during the comparative period of $60,000 for the Chief Executive Officer, for part of the prior period.

Office, rent and miscellaneous expense increased to $77,377 during the current period from $33,573 incurred during the comparative period mainly due to the Company incurring additional rent and administrative expenses in the current period to support the Company's exploration activities.

Professional fees increased to $48,431 during the current period from $493 incurred during the comparative period due to retention of additional staff, on a contract basis.

During the current period, the Company incurred $84,444 for share-based payments expense (a non-cash expense) for stock options granted during prior fiscal periods and vested during the current period. This is an increase from share-based payment expense of $25,429 incurred during the comparative period when a fewer options vested.

Transfer agent, filing fees and shareholder communications expenses decreased to $147,863 during the current period from the $245,022 incurred during the comparative period due to a reduction in road show and trade show attendance as a result of the Covid-19 pandemic.

Travel expenses increased to $48,842 during the current period from the $37,902 incurred during the comparative period. These increases are due to more executive travel during the current period.

As a result of the foregoing, the Company recorded a comprehensive loss for the current period of $680,202 as compared to a loss of $545,846 incurred during the comparative period.

Summary of Quarterly Results

Three months ending	April 30, 2020	January 31, 2020	October 31, 2019	July 31, 2019	April 30, 2019	January 31, 2019	October 31, 2018	July 31, 2018
Net loss ($)	680,202	868,714	63,361	208,528	545,846	640,632	269,025	231,743
Per share ($)	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00

The loss for the three months ending July 31, 2018 decreased to $231,743 from the loss of $406,949 incurred during the three months ending April 30, 2018 primarily due to the FT share premium reversal of $362,708 incurred during the current period. There was no FT share premium reversal recorded during the prior quarter.

The loss for the three months ending October 31, 2018 increased to $269,025 from the loss of $231,743 incurred during the three months ending July 31, 2018 primarily due to a reduction in the FT share premium reversal in the current period to $280,841 from the $362,708 recorded during the prior quarter.

The loss for the three months ending January 31, 2019 increased to $640,632 from the loss of $269,025 incurred during the three months ending October 31, 2018 primarily due to a reduction in the FT share premium reversal in the current period to $13,594 from the $280,841 recorded during the prior quarter and a decrease in the allowance for deferred income tax of $202,000.

The loss for the three months ending April 30, 2019 decreased to $545,846 from the loss of $640,632 incurred during the three months ending January 31, 2019 primarily due to the elimination of a deferred income tax expense of $202,000 recorded during the prior period as a result of a decrease in the valuation allowance for deferred tax assets. This was partially offset by an increase in transfer agent, filing fees and shareholder communications expenses to $245,022 in the current quarter from the $88,217 incurred during the prior quarter.

The loss for the three months ending July 31, 2019 decreased to $208,527 from the loss of $545,845 incurred during the three months ending April 30, 2019 primarily due to the FT share premium reversal of $187,091 incurred during the current quarter. There was no FT share premium reversal recorded during the prior quarter.

The loss for the three months ending October 31, 2019 was reduced to $63,361 from the loss of $208,528 incurred during the three months ending July 31, 2019 primarily due to an increase in the FT share premium reversal to $314,501 during the current quarter from $187,091 during the prior quarter.

The loss for the three months ending January 31, 2020 increased to $868,714 from the loss of $63,361 incurred during the three months ending October 31, 2019 primarily due to write-down of exploration and evaluation assets of $540,029 as well as a deferred income tax expense of $195,000 during the current quarter while no such expenses were recorded in the prior quarter.

The loss for the three months ending April 30, 2020 decreased to $680,202 from the loss of $868,714 incurred during the three months ending January 31, 2020 primarily due to the elimination of an impairment expense of $540,029 recorded during the prior period as a result of a decrease in the valuation exploration and evaluation assets. This was partially offset by an increase in management and professional fees and office expenditures in the current quarter.

Liquidity and Solvency

Gold Terra is in the exploration stage and therefore has no regular cash flow. As of April 30, 2020, the Company had working capital of $1,243,416 (January 31, 2020 – working capital of $4,312,481), inclusive of cash and cash equivalents of $2,385,075 (January 31, 2020 – $4,768,241).

At April 30, 2020, the Company had current assets of $2,757,222, total assets of $37,655,412 and total liabilities of $1,545,806, inclusive of a deferred income tax liability of $7,000 and a security deposit from sublease of $25,000. The Company has no other long-term debt. There are no known trends in the Company's liquidity or capital resources.

The principal assets of the Company are its mineral exploration properties, amounting to $34,718,924 as at April 30, 2020.

The decrease in cash and cash equivalents during the three months ended April 30, 2020 of $2,383,166 was due to net cash used for investing activities of $1,316,163, cash used in operating activities of $1,062,252 and cash used for the reduction of the lease liability of $4,751.

In December 2019, the Company completed a bought deal financing for gross proceeds of $5.5 million. The following table compares the estimated use of net proceeds per the final prospectus from the December 2019 financing and the actual use of the proceeds as of April 30, 2020.

Description of expenditure	Use of proceeds	Actual as of April 30, 2020
Drilling	$ 3,470,000	2,250,474
Other work - social license	150,000	145,374
Property maintenance	100,000	128,370
Geophysics	500,000	344,238
Working capital and general corporate	630,000	776,859
Total:	$ 4,850,000	$ 3,645,314

Cash flow to date has not satisfied the Company's operational requirements. The development of the Company in the future will depend on the Company's ability to obtain additional financings. In the past, the Company has relied on the sale of equity securities to meet its cash requirements. Future developments, in excess of funds on hand, will depend on the Company's ability to obtain financing through joint venturing of projects, debt financing, equity financing or other means. There can be no assurances that the Company will be successful in obtaining any such financing or in joint venturing its property; failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Company's properties.

Commitments

The Company has no commitments for capital expenditures.

Risk, Uncertainties and Outlook

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. Other risks facing the Company include competition for mineral properties, environmental and insurance risks, fluctuations in metal prices, fluctuations in exchange rates, share price volatility and uncertainty of additional financing.

Going concern

The Company is in the exploration stage and has no revenue or income from operations. The Company has limited capital resources and has to rely upon the sale of equity and/or debt securities for cash required for exploration and development purposes, for acquisitions and to fund the administration of the Company. Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity or debt securities or joint venture agreements to raise capital. It follows that there can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company.

The Company's unaudited condensed consolidated interim 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 are dependent upon its ability to obtain the necessary financing to meet its ongoing commitments and further its mineral exploration programs.

The Company may encounter difficulty sourcing future financing in light of the recent economic downturn. The current financial equity market conditions and the inhospitable funding environment make it difficult to raise capital through the private placements of shares. The junior resource industry has been severely affected by the world economic situation and the effects of COVID-19 as it is considered speculative and high-risk in nature, making it even more difficult to fund.

While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with any financing ventures.

Related Party Transactions

Related party balances

As at April 30, 2020, $269,578 (January 31, 2020 – $165,448) was due to directors and officers of the Company or to companies controlled by officers of the Company and recorded in trade payables and accrued liabilities (see table below). These amounts are unsecured and non-interest bearing with no fixed terms of repayment.

Key Management Compensation

The Company's related parties include key management. Key management includes executive directors and non-executive directors. The remuneration to key management of the Company and the payments to companies controlled by officers of the Company as defined above were as follows:

	Three months ended		As at	As at
	April 30, 2020	April 30, 2019	April 30, 2020	January 31, 2020
Consulting fees	$ 33,788	$ 57,862	$ -	$ -
Directors' fees	15,304	10,000	7,554	3,500
Geological consulting - exploration and evaluation assets [(a)]	329,409	62,236	241,523	157,788
Management compensation	165,000	60,000	-	-
Management expense reimbursement	-	-	3,172	4,160
Professional fees	25,000	-	17,328	
Share-based payments	63,082	21,847	-	-
	$ 631,583	$ 211,945	$ 269,578	$ 165,448

[(a)] The Company incurred $329,409 (2019: $62,236) of geological consulting fees for its exploration and evaluation assets with a company related to the former Executive Chairman and current Chief Operating Officer of the Company.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and its receivables. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's receivables are mostly tax receivables from the government. The risk related to receivables is assessed low.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is, therefore, assessed as high.

Foreign exchange risk
Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. The Company operates in Canada and is, therefore, not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

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 has positive cash balances at April 30, 2020 and no interest bearing debt, therefore, interest rate risk is nominal.

Capital Management
The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

Classification of Financial Instruments

Financial assets included in the statement of financial position are as follows:

		April 30, 2020		January 31, 2020
Amortized cost:				
Cash and cash equivalents	$	2,385,075	$	4,768,241
	$	2,385,075	$	4,768,241

Financial liabilities included in the statement of financial position are as follows:

		April 30, 2020		January 31, 2020
Non-derivative financial liabilities:				
Trade payables	$	1,464,384	$	554,884
	$	1,464,384	$	554,884

Fair Value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at April 30, 2020 and January 31, 2020:

	As at April 30, 2020		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 2,385,075	$ -	$ -
	As at January 31, 2020		
	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	$ 4,768,241	$ -	$ -

Contingencies

The Company is aware of no contingencies or pending legal proceedings as of the date of this MD&A.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Equity Securities Issued and Outstanding

The Company had 160,593,235 common shares issued and outstanding as of the date of this MD&A. In addition, there were 5,905,000 incentive stock options and 10,891,849 share purchase warrants outstanding as of the date of this MD&A.