The following discussion and analysis of the operations, results, and financial position of Gray Rock Resources Ltd. (the "Company" or "Gray Rock") should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019, which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the notes thereto.

This Management Discussion and Analysis ("MD&A") is dated April 15, 2020 and discloses specified information up to that date. Gray Rock is classified as a "venture issuer" for the purposes of National Instrument 51-102.

We recommend that readers consult the "Cautionary Statement" on the last page of this report.

Additional information relating to the Company can be obtained by contacting David Wolfin, the President & CEO of the Company, on SEDAR at www.sedar.com, or on the Company's website at www.grayrockresources.com.

Business Overview

Gray Rock Resources Ltd. ("the Company") was incorporated under the laws of the Province of British Columbia. Its principal business comprises the exploration for and development of mineral properties.

The Company is in the exploration stage. The common shares of the Company commenced trading on the TSX Venture Exchange on November 29, 2006 under trading symbol GRK. The Company is classified as a Mineral Exploration company. The financial statements, to which this MD&A relates, have been prepared on a going concern basis, which presumes the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company has accumulated losses of $4,038,167 since incorporation. The Company's ability to meet its obligations and maintain its operations is contingent upon additional financing or profitable operations in the future.

Overall Performance

Silver Stream Property

Located 25km northeast of Bralorne, B.C., in the Lillooet mining district of British Columbia, the Company holds 100% tenure in the Silver Stream I and II mineral claims (the "Silver Stream Property"). First explored in 1988, the Silver Stream Property has produced a number of anomalous-to-significant gold showings in sampling, trenching, and drilling. Although still an "early-stage" property, a July 2006 Technical Report filed on SEDAR states: *"…the nature of the mineralization seen in the known showings in the context of the Bridge River camp show the property has good potential to develop economic gold mineralization."*

The renowned Bralorne gold mine, which produced 4.1 million ounces of gold between 1932 and 1971, lies about 25 kilometers southwest of Silver Stream. The average grade of the Bralorne mine complex was 0.52 opt gold, and it remains the largest historic gold producer of the Canadian Cordillera.

Documented gold exploration on the Silver Stream Project, undertaken between 1987 and 2014, has involved approximately 1,759m of diamond drilling in 10 holes, hand and excavator trenching, mapping, rock geochemistry, and reconnaissance and grid soil geochemistry. Two significant zones of gold mineralization have been discovered, the Silverstream West and Southeast zones.

At December 31, 2019, mineral claims Silver Stream I and II remain in good standing.

Mineral Claim Lease Agreement

The Company had previously entered into a mining lease agreement for the Silver Stream properties with Saxifrage. In accordance with the terms of the agreement, Saxifrage has agreed to pay the Company an annual rental of $12,000 starting December 12, 2016, or perform annual exploration and/or development work of at least $12,000 in value in lieu of the $12,000 payment due each year. In addition, the Company granted Saxifrage an option to purchase the property for $500,000 payable at any time during the term of the agreement, subject to a 5% Net Smelter Returns Royalty on metals and a 5% Gross Overriding Royalty on any jade production. Any future royalty payments due to the Company from Saxifrage after the exercise of option shall be reduced by $500,000.

In October 2017, the Company amended the existing mineral lease claim agreement for the Silver Stream I and II properties, by assigning and transferring to Marshall Creek Jade Inc. ("Marshall Creek") all rights, titles, interest and obligations from Saxifrage Geological Services Ltd. ("Saxifrage"). All other terms of the agreement remained the same.

In November 2018, the Company received a termination notice from Saxifrage to terminate the mining lease agreement for the Silver Stream properties. The Company had not received any royalty payment from the Silver Stream properties because the properties were not place into commercial production. The mineral claims comprising the Silver Stream properties remain in good standing until July 29, 2021.

Review of Operations

Year ended December 31, 2019 compared with the year ended December 31, 2018.

	2019	2018	Note
General and Administrative Expenses			
Administrative salaries and benefits	$ 29,612	$ 37,695	
Automobile	1,498	659	
Consulting and management fees	30,200	30,000	
Depreciation	3,813	3,813	
Foreign exchange loss	120	15	
Interest and bank charges	109	117	
Listing and filing fees	7,664	10,997	**1**
Office and miscellaneous	27,661	11,321	**2**
Professional fees	18,485	32,042	**3**
Shareholder information	2,161	4,245	**4**
Transfer agent fees	5,561	6,589	
Travel	344	91	
Loss Before Other Items	(127,228)	(137,584)	
Other Items			
Interest and other income	-	942	
Realized gain on sale of investments	7,000	-	**5**
Fair value adjustment to promissory notes payable	27,725	(6,208)	**6**
Settlement proceeds from mineral property costs	-	624,000	**7**
Net Income (Loss) For the Year	(92,503)	481,150	**8**
Other Comprehensive Income (Loss)			
Items that will not subsequently be re-classified to net income			
Unrealized gain (loss) on investments	6,468	(432,269)	**9**
Reclassification of accumulated losses on investments sold	18,200	-	**5**
Total Comprehensive Income (Loss)	(67,835)	48,881	
Basic and Diluted Earnings (Loss) per Share			
Basic	$ (0.00)	$ 0.02	**8**
Diluted	$ (0.00)	$ 0.02	**8**
Weighted Average Number of Shares Outstanding			
Basic	22,260,461	22,257,897	
Diluted	22,260,461	22,539,872	

1. During the year ended December 31, 2019, listing and filing fees were $7,664 compared to $10,997 for the year ended December 31, 2018. The higher fees in 2018 is a result of additional filing fees incurred for the appointment of new directors, and additional filing requirements during the year ended December 31, 2018, compared to the current period.

2. During the year ended December 31, 2019, office and miscellaneous fees were $27,661 compared to $11,321 for the year ended December 31, 2018. The higher expenses in the current year is due to a review and upgrades to IT systems at head office.

3. During the year ended December 31, 2019, professional fees were $18,485, compared to $32,042 for the year ended December 31, 2018. The decrease is due to higher legal fees in 2018 related to the settlement with DeCoors compared to the current year.

4. During the year ended December 31, 2019 shareholder information costs were $2,161 compared to $4,245 for the year ended December 31, 2018. The higher expense in the year ended December 31, 2018 is due to shareholder communication with regards to the settlement of Surprise Lake and Hot Bath properties.

5. During the year ended December 31, 2019, the Company sold 10,000 shares of GGI for a realized gain of $7,000, and as a result, reclassified accumulated losses of $18,200 through other comprehensive income. There was no comparable transaction in 2018.

6. During the year ended December 31, 2019 and 2018, amounts payable to a related party were converted into non-interest bearing, long-term promissory notes payable. Upon recognition of the promissory notes, fair value adjustments resulting in a gain of $27,725 were recorded in 2019, compared to a loss of $6,208 in 2018. See Related Party Transactions section of the management discussion and analysis for further details on the fair value calculations.

7. During the year ended December 31, 2018, the Company received 200,000 shares of Garibaldi Resources Corp. as part of the DeCoors settlement and recorded a settlement proceeds of mineral property costs of $624,000. This represents the fair value of the shares received on the date of closing. There was no comparable transaction in 2019.

8. As a result of the decreased activity and absence of prior-year settlement proceeds in the year ended December 31, 2019, the Company recorded a net loss of $92,503, compared to net income of $481,150 from the year ended December 31, 2018. The change resulted in a basic and diluted loss per share of $0.00 compared to the basic and diluted earnings per share of $0.02 for the same period in 2018.

9. During the year ended December 31, 2019, the Company recorded an unrealized gain on the revaluation of its investments to fair market value during the year ended December 31, 2019, compared to a loss during the year ended December 31, 2018. The changes are a result of a increase in the share price of Garibaldi Resources during the year ended December 31, 2019 compared to a significant decrease in the share price during 2018.

Three months ended December 31, 2019 compared with the three months ended December 31, 2018.

	2019	2018	Note
General and Administrative Expenses			
Administrative salaries and benefits	$ 6,360	$ 8,066	
Automobile	437	184	
Consulting and management fees	7,537	7,500	
Depreciation	952	953	
Foreign exchange (gain) loss	3	279	
Interest and bank charges	(2)	18	
Listing and filing fees	1,440	1,350	
Office and miscellaneous	11,062	4,924	**1**
Professional fees	15,750	3,475	**2**
Shareholder information	324	258	
Transfer agent fees	627	642	
Travel	14	42	
Loss Before Other Items	(44,504)	(27,691)	
Other Items			
Interest and other income	-	1	
Fair value adjustment to promissory notes payable	42,829	23,329	**3**
Net Loss For the Period	(1,675)	(4,361)	**4**
Other Comprehensive Loss			
Items that will not subsequently be re-classified to net income			
Unrealized loss on investments	(154,654)	(160,344)	**5**
Total Comprehensive Loss	(156,329)	(164,705)	
Basic and Diluted Loss per Share	$(0.00)	$(0.00)	
Weighted Average Number of Shares Outstanding	22,260,461	22,960,461	

1. During the three months ended December 31, 2019, office and miscellaneous expenses were $11,062 compared to $4,924 during the same quarter last year. The increase in the current year is due to a review and upgrades to IT systems at head office.

2. During the three months ended December 31, 2019, professional fees were $15,750 compared to $3,475 during the same quarter last year. The increase is entirely made up of audit fees, which were paid during the fourth quarter of 2019.

3. During the three months ended December 31, 2019 and 2018, amounts payable to a related party were converted into non-interest bearing, long-term promissory notes payable. During the three months ended December 31, 2019, fair value adjustments relating to the initial recognition and accretion of the discounting period resulted in a gain of $42,829, compared to $23,329 recorded in the three months ended December 31, 2018.

4. As a result of these movements, net loss for the three months ended December 31, 2019, was

$1,675, compared with the net loss of $4,361 for the three months ended December 31, 2018. The decrease in net loss made no change to net loss per share to 0.00 over the 2 comparative periods.

5. During the three months ended December 31, 2019, the Company recorded an unrealized loss of $154,654 on the revaluation of its investments to fair market value during the three months ended December 31, 2019, compared to a loss of $160,344 during the three months ended December 31, 2018. The changes are a result of a decline in the share price of Garibaldi Resources during the three months ended December 31, 2019 and 2018.

Selected Annual Information

The following financial data is derived from the Company's financial statements for the most recently completed and comparative fiscal years:

	December 31, 2019	December 31, 2018	December 31, 2017
Total revenues	-	-	-
Net Income (Loss) for the year	$ (92,503)	$ 481,150	$ (2,714,488)
Basic and Diluted Earnings (Loss) per share	(0.00)	0.02	(0.13)
Total Assets	636,888	626,457	466,016
Total Liabilities	278,237	181,770	195,211
Working Capital	79,930	100,437	129,554

Summary of Quarterly Results

Quarter ended	2019 Dec. 31 Q4	2019 Sep. 30 Q3	2019 Jun. 30 Q2	2019 Mar. 31 Q1	2018 Dec. 31 Q4	2018 Sep. 30 Q3	2018 Jun. 30 Q2	2018 Mar. 31 Q1
Total Revenue	-	-	-	-	-	-	-	-
Net income (loss)	(1,675)	(23,124)	(35,395)	(32,309)	(4,361)	(44,671)	562,974	(32,792)
Other comprehensive income (loss)	(154,654)	95,399	67,811	(2,088)	(160,344)	(238,609)	(32,321)	(994)
Basic earnings (loss) per Share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.03	(0.00)
Diluted earnings (loss) per Share	(0.00)	(0.00)	0.03	(0.00)	(0.00)	(0.00)	0.03	(0.00)
Total Assets	636,888	762,777	665,644	619,483	626,457	789,165	1,038,231	458,675

The overall decrease in expenses during the fourth quarters of 2019 and 2018 were direct results of the Company recording fair value adjustments on the initial recognition of promissory notes payable at the end the quarters. The remaining quarters, outside of the second quarter of 2018, reflect the expected level of expenses on a quarterly basis for the Company. The overall decrease in expenses during the second quarter of 2018 is a direct result of the Company recording cost recovery on disposition of mineral property of $624,000 during the period.

The overall movements in other comprehensive loss in each quarter is a direct result of movements in the share price of the Company's investments, which are recorded through other comprehensive income or loss.

Historically, the Company has generally kept its operating expenditures consistent, and will continue to review ways to reduce costs into 2019. Management expects to continue to keep the operating costs of the Company to a minimum until such time as it resumes exploration activities.

Liquidity and Capital Resources

Historically, the Company has raised funds through equity financing to fund its operations. At December 31, 2019, the Company had a cash balance of $101,846, working capital of $79,930, and accumulated losses of $4,038,167 since incorporation. The Company's ability to meet its obligations and maintain its operations is contingent upon additional financing or profitable operations in the future. However, there can be no assurance that the Company will be able to obtain additional financing, or achieve profitability or positive cash flow. If the Company is unable to generate positive cash flow or obtain adequate financing, the Company will need to further decrease its operations and exploration activities.

The Company is reviewing other financing options to raise capital in 2020 to meet its current and future obligations and operating expenses.

The Company is in the exploration stage. The investment in and expenditures on the mineral properties comprise substantially all the Company's assets. The recoverability of amounts shown for its mineral property interest and related deferred costs and the Company's ability to continue as a going concern is dependent upon the continued support from its directors, the discovery of economically recoverable reserves, and the ability of the Company to obtain the financing necessary to complete development and achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time.

Mineral exploration and development are capital extensive, and in order to maintain its interest the Company will be required to raise new equity capital in the future. There is no assurance that the Company will be successful in raising additional new equity capital.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Related Party Transactions

(a) Key management compensation

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the years ended December 31, 2019 and 2018, are as follows:

		2019		2018
Consulting fees, wages and benefits	$	40,718	$	39,554
Share-based compensation		-		-
	$	40,718	$	39,554

(b) Promissory notes payable to related parties

	Intermark Capital Corp.		Oniva	
	2019	2018	2019	2018
Beginning balance	$ 7,364	$ 12,888	$ 155,512	$ 164,569
Borrowing	31,500	10,500	61,345	24,718
Repayment of the note	-	(18,375)	-	(37,632)
Loss on repayment of the note	-	4,702	-	9,630
Unwinding of the discount	924	785	19,518	18,950
Fair market interest adjustment	(10,330)	(3,136)	(37,837)	(24,723)
Ending balance	$ 29,458	$ 7,364	$ 198,538	$ 155,512

As at December 31, 2019, $283,068 (2018 - $221,723) was due to Oniva International Services Corp. ("Oniva"). The Company receives rent, office and administrative supplies, and services from Oniva, a private company related by common management. David Wolfin, President, CEO and Director of the Company, is the sole owner of Oniva International Services Corporation.

At December 31, 2019, the Company and Oniva agreed to convert the current portion due to Oniva of $61,345, along with the existing $221,723, to a long-term promissory note payable of $283,068 that is non-interest bearing, unsecured, and due on demand after December 31, 2022.

The fair value of the promissory note at December 31, 2019 is discounted to $198,538 (2018 - $155,512), reflecting a fair market interest rate. The Company's calculations were performed using an interest rate of 12%, compounding quarterly over the three year period. The initial fair value adjustment of $37,837 (2018 – $24,723) was recognized in the statement of operations and comprehensive income (loss). The Company further recorded expenses of $19,518 related to the quarterly unwinding of the discount during the year ended December 31, 2019 (2018 - $18,950).

During the year ended December 31, 2019, the Company entered into a loan agreement with Intermark Capital Corp. ("Intermark"), which is controlled by one of the Company's directors. The Company and Intermark agreed to convert the current portion due to the director of $42,000, to a long-term promissory note payable. The note payable is non-interest bearing, unsecured and is due on demand after December 31, 2022.

The fair value of the promissory note at December 31, 2019 is discounted to $29,458 (2018 - $7,364), reflecting a fair market interest rate. The Company's calculations were performed using an interest rate of 12%, compounding quarterly over the period. The initial fair value adjustment recognized in the year ended December 31, 2019 of $10,330 (2018 - $3,136) was recognized in the statement of operations and comprehensive income (loss).

During the year ended December 31, 2018, the Company entered into a loan agreement with one of its directors. The Company and the director agreed to convert the current portion due to the director of $10,500, to a long-term promissory note payable. The note payable is non-interest bearing, unsecured and is due on demand after December 31, 2021.

The fair value of the promissory note at December 31, 2018 is discounted to $7,364, reflecting a fair market interest rate. The Company's calculations were performed using an interest rate of 12%, compounding quarterly over the period. The initial fair value adjustment recognized in the year ended December 31, 2018 of $3,136 was recognized in the statement of operations and comprehensive income (loss).

(c) Related party transactions

During the year ended December 31, 2019, $59,500 (2018 - $50,436) was charged for office, occupancy, miscellaneous costs and salaries, and administrative services paid on behalf of the Company by Oniva. Further, the Company paid $1,425 of administrative fees (2018 - $1,273) to Oniva and $500 (2018 - $500) for reimbursement of mineral claim taxes, license fees, and staking.

The Company takes part in a cost-sharing arrangement to reimburse Oniva for a variable percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses. The arrangement may be terminated with one-month notice by either party.

Critical Judgments and Estimates

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amount of revenues and expenses for the periods reported. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period they become known.

Financial Instruments

The fair values of the Company's cash, trade and other payables approximate their carrying values because of the short-term nature of these instruments. The fair values of the Company's investments are detailed in the audited consolidated financial statements, and promissory notes payable are detailed in the Related Party Transactions section of this MD&A.

The Company's financial instruments are exposed to certain financial risks comprising credit risk, liquidity risk and market risk.

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company manages credit risk, in respect of cash, by maintaining the majority of cash at high credit rated Canadian financial institutions.

Concentration of credit risk exists with respect to the Company's cash, as the majority of the amounts are held with a single Canadian financial institution.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At December 31, 2019, the Company had cash in the amount of $101,846 (2018 - $115,242) in order to meet short-term business requirements. At December 31, 2019, the Company had current liabilities of $23,214 (2018 – $15,894). Accounts payable have contractual maturities of approximately 30 to 90 days, or are due on demand and are subject to normal trade terms.

The maturity profiles of the Company's contractual obligations and commitments as at December 31, 2019, are summarized as follows:

	Total	Less Than 1 Year	1-5 years	More Than 5 Years
Accounts payable and accrued liabilities	$ 16,272	$ 16,272	$ -	$ -
Lease liabilities	41,902	7,351	31,865	2,686
Promissory notes issued to related parties	325,068	-	325,068	-
Total	$ 383,242	$ 23,623	$ 356,933	$ 2,686

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk, and other price risk. These are discussed further below.

Interest Rate Risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash is currently held in highly liquid short-term investments and therefore management considers the interest rate risk to be minimal.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency.

At this time, the Company is not exposed to significant foreign currency risk, as the company currently has minimal transactions and balances in currencies other than the Canadian dollars.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is exposed to other price risk with respect to its investment in marketable securities, as they are carried at fair value based on quoted market prices.

(d) Classification of Financial instruments

IFRS 7 *'Financial Instruments: Disclosures'* establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as at December 31, 2019:

	Level 1	Level 2	Level 3
Cash	$ 101,846	$ -	$ -
Investments	189,118	-	-
	$ 290,964	$ -	$ -

Risks

Mineral exploration and development involve a high degree of risk and few properties are ultimately developed into producing mines. There is no assurance that the Company's future exploration and development activities will result in any discoveries of commercial bodies of ore. Whether an ore body will be commercially viable depends on a number of factors including the particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as mineral prices and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in a mineral deposit being unprofitable.

Outstanding Share Data

The Company's authorized share capital consists of unlimited common shares without par value.

As at April 15, 2020, the following common shares, warrants and stock options were outstanding:

	Number of shares	Exercise price	Remaining life (years)
Share capital	22,260,461	-	-
Warrants	1,225,250	$0.10 - $0.60	0.33 – 0.42
Stock options	1,495,000	$0.39 - $0.44	1.86 – 2.19
Total	24,980,711		

The following are details of outstanding warrants as at December 31, 2019, and April 15, 2020:

Expiry Date	Exercise Price Per Share	Number of Underlying Shares (December 31, 2019)	Number of Underlying Shares (April 15, 2020)
February 15, 2020	$0.50	500,000	-
August 15, 2020	$0.10	905,000	905,000
September 15, 2020	$0.60	320,250	320,250
Total:		**1,725,250**	**1,225,250**

The following are details of outstanding stock options as at December 31, 2019, and April 15, 2020:

Expiry Date	Exercise Price Per Share	Number of Shares Remaining Subject to Options (December 31, 2019)	Number of Shares Remaining Subject to Options (April 15, 2020)
February 23, 2022	$0.39	1,095,000	1,095,000
June 23, 2022	$0.44	400,000	400,000
Total:		**1,495,000**	**1,495,000**

Application of new and revised accounting standards

IFRS 16 - Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16 – Leases ("IFRS 16") which replaces IAS 17 – Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting. A lessee can choose to apply IFRS 16 using either a full retrospective approach or a modified retrospective approach. The Company has applied IFRS 16 at the date it became effective using a modified retrospective approach. By applying this method, the comparative information for the 2018 fiscal year has not been restated.

At the inception of a contract, the Company assesses whether a contract is or contains a lease. If so, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which consists of:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date
- Any indirect costs incurred
- An estimate of costs to dismantle or remove the underlying asset or to restore the site on which the asset is located
- Any incentives received from the lessor

The Company has elected not to recognize right of use assets and lease liabilities for short-term lease that have a lease term of 12 months or less and leases of low value assets. The lease payments associated with these leases are expensed on a straight-line basis over the lease term.

The Company has elected to apply the practical expedients in IFRS 16 and reviewed all existing leases and concluded that all leases that were previously expensed over the lease term where considered to be either short-term leases or leases of low value assets, and therefore there is no impact to the consolidated financial statements upon adoption of IFRS 16.

IFRIC 23 - Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC 23 Uncertainty over Income Tax Treatments. The interpretation provides guidance on the accounting for current and deferred income tax liabilities and assets when there is uncertainty over income tax treatments. IFRIC 23 was applicable for annual periods beginning on or after January 1, 2019.

IFRIC 23 requires an entity to determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If the treatment is likely to be accepted, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If not, the entity should reflect the effect of uncertainty in determining its accounting tax position.
The Company adopted IFRIC 23 in its consolidated financial statements for the annual period beginning on January 1, 2019, with no impact on the financial statements.

Changes in accounting standards not yet effective:

The Company has not early adopted any amendment, standard or interpretation that has been issued by the IASB but is not yet effective.

IFRS 3 – Definition of a Business

In October 2018, the IASB issued amendments to IFRS 3 – Definition of a Business which:

- Clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- Add an option concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020, and to asset acquisitions that occurred on or after the beginning of that period. Earlier application is permitted. The Company does not expect any material impact upon adoption.

Annual Improvements 2015-2017 Cycle

In December 2017, the IASB issued the Annual Improvements 2015-2017 cycle, containing amendments to IFRS 3 - Business Combinations ("IFRS 3"), IFRS 11 - Joint Arrangements, IAS 12 - Income Taxes, and IAS 23 - Borrowing Costs. These amendments are effective for annual periods beginning on or after January 1, 2019 and are not expected to have a significant impact on the Company's consolidated financial statements.

Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for evaluating the effectiveness of the Company's disclosure controls and procedures and have concluded, based on our evaluation, that they are effective as at December 31, 2019 to ensure that information required to be disclosed in reports filed or submitted under Canadian securities legislation is recorded, processed, summarized, and reported within the time period specified in those rules and regulations.

Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

Cautionary Statement

This MD&A is based on a review of the Company's operations, financial position, and plans for the future based on facts and circumstances as of April 15, 2020. Except for historical information or statements of fact relating to the Company, this document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. These statements involve known and unknown risks, uncertainties, and other factor that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.