

**Crystal Lake Mining Corporation**  
**(Formerly Sierra Iron Ore Corporation)**  
**Management Discussion and Analysis (“MD&A”)**  
**Year Ended September 30, 2018**

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The effective date of this report is January 28, 2019.

## **Management Discussion & Analysis**

Management’s discussion and analysis (“MD&A”) provides a detailed analysis of the results and financial condition of Crystal Lake Mining Corporation (formerly Sierra Iron Ore Corporation) for the years ended September 30, 2018. The following MD&A should be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2018 and 2017, which have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements were prepared in accordance with IFRS with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The operations of the Company were primarily funded by the issue of share capital.

The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, or generate profitable operations in the future. The consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue business.

The Company’s continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business. Any acquisition or investment proposed by the Company will be subject to regulatory approval.

News releases and previous filings may be found on SEDAR at [www.SEDAR.com](http://www.SEDAR.com).

The Company’s management is responsible for presentation and preparation of the financial statements and the MD&A.

## **Description of Business**

Crystal Lake Mining Corporation (the "Company") was incorporated under the Business Corporations Act (British Columbia) on July 20, 2009 and is publicly listed and traded on the TSX Venture Exchange (“TSX-V”) under the trading symbol “CLM”. The Company is currently engaged in the identification, acquisition and exploration of prospective mineral properties in Canada. The Company’s head office address is 13236 Cliffstone Court, Lake Country, British Columbia, V4V 2R1, Canada. The Company’s registered and records office is located at 804 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, Canada.

## **Forward Looking Statements**

Certain information within the meaning of applicable Canadian securities laws. Such forward-looking information may include, but is not limited to, information which reflect management’s expectations regarding the Company’s future growth, results of operations (including, without limitation to future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Often, this information includes words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate” or “believes” or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

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In making and providing the forward-looking information included in this MD&A the Company’s assumptions may include among other things: (i) assumptions about the price of base metals; (ii) that there are no material delays in the optimization of operations at the exploration and evaluation assets; (iii) assumptions about operating costs and expenditures; (iv) assumptions about future production and recovery; (v) that there is no unanticipated fluctuation in foreign exchange rates; and (vi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of base metals; (ii) the risk that the Company will continue to have negative operating cash flow; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; (v) adverse fluctuations in foreign exchange rates; and (vi) environmental risks and changes in environmental legislation.

This MD&A (See “Financial Instruments and Risk Management”) contains information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company’s control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

## **Overall Performance**

- The Company’s loss for the year ended September 30, 2018 was \$5,312,017.
- Working capital deficit was \$195,703 at September 30, 2018.

## **Mineral Properties**

### **Ontario Properties**

The Company owns interests in two main groupings of mineral properties located in and around Emo, Ontario. These are referred to below as the ‘Numbered Properties’ and the ‘L1/Allen’ property groups.

The Company became interested in pursuing Ontario properties in Spring/Summer 2014 and acquired its first Ontario property known as the ‘Iron Ore’ property. Initial exploration and drilling operations showed promise and the Company decided to embark on an aggressive program of acquisitions with the owner of the properties of interest, Emerald Lake Development Corp. (“ELD”).

### **Property Group 1 - Numbered Properties**

The Company entered into an agreement with ELD in July 2014, as amended (the “IO Agreement”), to purchase up to a 60% interest in the iron ore and gold mineralization located on a property (the “Iron Ore Property”), located north of the town of Emo, Ontario. This property is now referred to as Property 1 and the terms have now been amended to include this property in the acquisitions of the properties being acquired under the NP Agreement, as noted below.

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Pursuant to the IO Agreement, the Company paid \$65,000 in fiscal 2014 and issued 2,865,625 common shares valued at \$386,859 in fiscal 2015. In order to complete the acquisition of the 60% interest, the Company was required to pay four additional installments of \$50,000 each commencing April 15, 2016 and continuing every six months to October 17, 2017, plus additional finder’s fees of 115,475 common shares, which were issued during the year ended September 30, 2016 (valued at \$46,190); an additional 6,392,000 common shares were issuable on the earlier of a positive feasibility or the commencement of commercial production. The Company was also required to incur exploration expenditures of \$1,500,000 by October 15, 2017. The Company had the option to acquire an additional 32% interest in the iron ore mineralization present on the property at terms to be negotiated, plus the right of first refusal on future properties acquired by ELD.

The Company has now executed an agreement (the “NP Agreement”) with ELD, dated September 28, 2017, to acquire a 100% interest in claim blocks known as Properties 1 through 9, all located near Emo, Ontario.

Of these properties:

- a) Property 1 – was originally under option as the “Iron Ore Property” - all obligations remaining under the IO Agreement (as noted above) have been terminated and the acquisition terms related to this property are now the terms of the NP Agreement; and
- b) Property 6 – as noted elsewhere, the Company entered into a purchase agreement in January 2017 with ELD to buy a 100% interest in the mineral rights hosted by the property known as Property 6. The Company completed the acquisition by issuing 2,000,000 common shares valued at \$530,000 to ELD. A royalty consisting of 3% of net smelter returns is payable to ELD upon the commencement of commercial production.

In order to complete the acquisitions of a 100% interest in the numbered properties (*except Property 6 which is now 100% owned by the Company*), the Company is required to issue a total of 10,500,000 common shares (issued at a value of \$5,355,000) to ELD. ELD has agreed to an 18-month voluntary hold period on the issued shares.

A royalty consisting of 2% of net smelter returns shall be payable to ELD upon the commencement of commercial production – 1% may be purchased for \$1,000,000.

Prior the latest amended agreement, the Company paid \$350,000 and issued 3,500,000 common shares valued at \$980,000.

At September 30, 2018, the Company impaired Property #1, 2, 3, 4, 5, 7, and 8 by \$1,621,500 based on claims expired.

#### **Property Group 2 – L5/Farm Property and L1/Allen**

##### **L5/Farm Property, Emo, Ontario**

The Company entered into an agreement (the “L5 Agreement”), dated May 26, 2015 as amended, to earn up to a 92% interest in the L5 Property (formerly referred to as the “Farm Property”), a mineral exploration property located in Emo, Ontario, in consideration for the payment of \$250,000 upon TSXV approval (paid), and an additional \$250,000 within 12 months from regulatory approval. The Company is also required to incur exploration expenditures of \$2,000,000 by October 22, 2018. The property is subject to a 3% NSR.

By an amending agreement dated October 22, 2015, the second payment date was extended by 18-months; it was again extended during the year ended September 30, 2017 to February 13, 2018 in consideration for a \$10,000 extension payment to ELD. An agreement has now been negotiated and executed (the “L1/L5 Agreement”), subject to regular approval, whereby the acquisition of the L5 Property will now be completed on the terms noted below.

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**L1/Allen Property, Emo, Ontario**

The Company entered into an agreement (the “L1 Agreement”), dated September 15, 2015 as amended, to acquire the right to earn up to varying interests in the L1 Property, a mineral exploration property located in Emo, Ontario. Pursuant to the L1 Agreement, the Company was required to pay aggregate cash of \$2,110,000 and issue 3,500,000 shares in order to earn an initial 15% undivided interest. A work program of \$1,500,000 was also required by March 15, 2018. To date, the Company has paid \$310,000 and issued 3,500,000 shares to ELD under the L1 Agreement.

The requirement to pay the final \$1,500,000 has now been replaced by the L1/L5 Agreement - whereby the L1 Property and L5 Property will be acquired under the same agreement. The L1/L5 Agreement will create a clear path to 100% ownership of these flagship properties.

The L1/L5 Agreement will allow an increase in the Company’s interest to an undivided 60% in consideration for a cash payment of CDN\$2,000,000 in equal installments of \$500,000 (paid \$250,000) each over two years, with the initial payment to be made 60-days after the completion of the Company’s next financing which exceeds \$2,000,000. An additional 25% (for a total of 85% ownership) may be acquired by the Company paying \$8,000,000. The Company will also have exclusive right of first refusal for the final 15%. The L1 Property will remain subject to a 3% NSR while the L5 Property will remain subject to a 2% NSR; the Company may purchase a portion of each NSR - for 2% (L1 Property) and 1% (L5 Property).

In January 2018, the Company entered into an agreement (the “L1/L5 Agreement”) with Emerald Lake Development Corp. which will create a more favorable path to 100% ownership of the L1 and L5 properties, both in Chapple town ship, District of Rainy River. The L1/L5 Agreement, which will supersede and replace all prior agreements concerning these properties, will allow the Company to acquire a 100% interest in the properties.

In March 2018, the Company provided an update on its 100%-owned “Nicobat Project” where the Company is developing a pipeline of highly prospective nickel sulfide targets. Recently expanded to cover 50 sq. kilometers in northwest Ontario’s Rainy River district, Nicobat features excellent infrastructure (road, rail and power access) and an historic nickel-copper-cobalt sulfide mineral zone (“Nico1”) defined by drilling more than four decades ago.

**Highlights:**

- Crews are mobilizing to commence drilling within the next seven days at Nico1 on the western contact of the Dobie Intrusion (below and north of the historic zone);
- Lamontagne Geophysics Ltd. has been contracted to carry out surface and then borehole EM surveys upon completion of diamond drill holes at Nico1;
- A deep penetrating EM survey will be flown by CGG Canada Services Ltd. over Crystal Lake’s claims including the Nico1 and Nico2 properties. The objective of the survey is to detect an electrically conductive signature of sulfide mineralization associated with mafic intrusive bodies and strong magnetic anomalies that may represent mafic-ultramafic intrusions under cover.

The Company assembled a proven geological and geophysical team to unlock the full potential of its Nicobat Project which is being targeted for high-grade nickel, copper, cobalt and precious metal mineralization.

In March 2018, the Company announced that diamond drilling has commenced at its 100%-owned Nicobat Project (nickel-cobalt-copper-precious metals) in the Rainy River district of northwest Ontario. In addition, the company has expanded its deep penetrating airborne electromagnetic survey from the originally planned 500 line kilometers to 850 line kilometers.

The first two holes at the Nico1 Property will undercut the historic zone to targeted depths of at least 400 meters and are designed to explore beneath the near-surface disseminated and breccia style magmatic sulfide mineralization. The boreholes will provide an ideal geophysical platform for Lamontagne Geophysics’ borehole electromagnetic survey work to detect nearby conductive targets that may correspond to semi-massive and massive sulfides.

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**Tom Cat Claims, British Columbia**

The Company owns a 100% interest in certain mining claims, known as the Tom Cat Claims, located in the Nicola Mining District, British Columbia. The claims are subject to a 2% NSR, of which 1% may be purchased for \$2,000,000 for five years from the start of commercial production.

The Tom Cat is located 200 kilometers east-northeast of Vancouver within the historic Aspen Grove copper camp. The region is known to host significant copper resources, including those at Copper Mountain and Highland Valley.

During the year ended September 30, 2018, the Company impaired the Tom Cat Claims by \$460,067 based on claims expired.

**Newmont Lake Claims, British Columbia**

In September 2018, the Company entered into a letter agreement for an option to acquire 100% of Romios Gold Resources Inc. (“Romios”)’s interest in in the 436 sq. km Newmont Lake Project in the prolific Golden Triangle, immediately south of Galore Creek (Newmont and Teck) and northnorthwest of key projects in the highly active Eskay Camp.

Newmont Lake Project Highlights:

- Vastly under-explored district-scale land package with multi-commodity potential in the heart of the Eskay Rift;
- 22 documented mineral occurrences adjacent to the high-grade Northwest gold zone (historic resource) which is open for expansion;
- Immediate (October) planned drill program at Burgundy Ridge target (never previously drilled) at southwestern end of project where a continually receding snowfield has exposed broad areas of copper-gold-silver mineralization; and
- Major new infrastructure improvements in the region (roads, bridges, power, AltaGas camp) have enhanced access and will accelerate the discovery process.

Pursuant to the agreement, in order to complete the acquisition, the Company is required to:

- i) pay \$250,000 immediately upon signing (paid).
- ii) pay \$250,000 at 90 days following the regulatory approval.
- iii) pay \$250,000 at 180 days following the regulatory approval.
- iv) pay \$250,000 at 270 days following the regulatory approval.
- v) pay \$1,000,000 concurrently with the Company being vested with a 100% interest in the property.
- vi) issue 4,000,000 shares upon the regulatory approval
- vii) issue 4,000,000 shares on September 19, 2020.
- viii) issue 4,000,000 shares on September 19, 2021.
- ix) incur exploration expenditures of \$3,000,000 by September 20, 2019.
- x) incur exploration expenditures of \$2,500,000 by September 19, 2020.
- xi) incur exploration expenditures of \$2,500,000 by September 19, 2021.
- xii) incur an underlying annual payment of \$30,000 (first payment subject to regulatory approval).

The claims are subject to a 2% NSR, one-half of which can be bought back by the Company for \$2,000,000 per 0.5% for a period of 2 years after completion by the Company of the commitments under the option. The Company will issue 2,000,000 shares to Romios in the event a NI 43-101 compliant resource estimate with exceeds 1,000,000 ounces of gold equivalent resources is issued. An additional 1,000,000 shares of the Company will be issued to Romios for each full 1,000,000 additional ounces of gold equivalent resources which is so documented.

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*Drilling Starts at Burgundy Ridge*

The Company has commenced drilling at the Burgundy Ridge target. Burgundy Ridge, never previously drilled, features multiple targets prospective for gold-copper-silver-zinc mineralization based on surface sampling and geophysics. Given the time of the year and the high elevation at Burgundy Ridge, Crystal Lake's team has been creative in designing what's expected to be an effective first-pass reverse circulation (RC) drill program through Midnight Sun Drilling. Once at least three holes have been completed at Burgundy Ridge, the drill rig will be moved to the Newmont Lake gold deposit at a lower elevation to the south where a series of RC holes will test for continuity of high-grade mineralization while also providing samples for metallurgical testing.

In November 2018, the Company completed a six-hole reverse circulation drill program at its recently optioned Newmont Lake Project in the prolific Golden Triangle. Initial assay results are expected during the second half of November.

Along with drilling by the Company in October, extensive surface sampling was completed by Romios crews over the summer at various targets with results pending. In addition, a review of all historical data is being carried out by the Company which is expected to lead to exciting new geological interpretations over the coming months and a dynamic 2019 exploration program.

In December 2018, the Company finalized an agreement with Romios Gold Resources Inc. to acquire a 100% interest in the 436 sq. km Newmont Lake Project in the heart of the Golden Triangle, immediately south of Galore Creek (Newmont and Teck) and north-northwest of key projects in Northwest B.C.'s highly active Eskay Camp. The agreement is subject to the approval of the TSX Venture Exchange.

## **Liquidity, Capital Resources and Capital Expenditures**

The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, or generate profitable operations in the future.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business.

The Company will take appropriate measures to raise the necessary funding through private placements, exercising of stock options, warrants and/or credit facilities to address its liabilities and to continue operations.

At September 30, 2018, the Company's working capital deficit, defined as current assets less current liabilities, was \$195,703 decreased from \$1,337,715 at September 30, 2017, primarily due to increased cash and decreased accounts payable.

During the period from October 1, 2017 to January 28, 2019, the Company:

- i) closed a non-brokered private placement and issued 2,100,000 units at \$0.20 per unit for net proceeds of \$420,000. Each unit consists of one common share and one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of \$0.25 on or before May 6, 2019.
- ii) closed a non-brokered private placement and issued 2,000,000 units at \$0.20 per unit for net proceeds of \$400,000. Each unit consists of one common share and one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of \$0.25 on or before June 3, 2019. The Company paid share issuance costs of \$4,200 and 21,000 finders' warrants exercisable at \$0.25 on or before June 3, 2019.

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- iii) closed a non-brokered flow-through private placement and issued 2,000,000 units at \$0.25 per unit for net proceeds of \$500,000. Each unit consists of one common share and one-half common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of \$0.30 on or before June 10, 2019. The Company paid share issuance costs of \$14,753 and 59,010 finders’ warrants exercisable at \$0.30 on or before June 10, 2019. On issuance, the Company recognized a flow through premium of \$Nil.
- iv) granted 4,000,000 options to directors, officers, and consultants of the Company, exercisable at a price of \$0.30 per share, expiring on October 3, 2019.
- v) granted 600,000 options to directors, officers, and consultants of the Company, exercisable at a price of \$0.50 per share, expiring on December 19, 2019.
- vi) closed a non-brokered private placement and issued 1,400,000 units at \$0.50 per unit for net proceeds of \$700,000. Each unit consists of one common share and one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of \$0.52 on or before January 18, 2020.
- vii) issued 112,727 units to a creditor at \$0.91 per unit, to settle debts aggregating \$56,559 resulting in a loss of \$46,023 on the settlement of debt. Each unit is comprised of one common share and one common purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of \$0.68 on or before February 14, 2020. Total loss on settlement of debt for the year ended September 30, 2018 was \$39,023 after other gains of \$7,000.
- viii) granted 900,000 options to directors, officers, and consultants of the Company, exercisable at a price of \$0.60 per share, expiring on January 14, 2020.
- ix) closed the first tranche of a non- brokered private placement to strategic investors and issued 1,272,726 shares at \$0.55 per unit for gross proceeds of \$700,000. Each unit consists of one common share of the Company and one full share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of \$0.70 on or before May 24, 2020.
- x) closed the second tranche of the non-brokered private placement and issued 860,000 shares at \$0.55 per unit for gross proceeds of \$473,000. Each unit consists of one common shares and one full share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of \$0.70 on or before May 29, 2020.
- xi) issued 10,500,000 shares at a value of \$5,355,000 pursuant to the acquisition of Emo Ontario.
- xii) issued 1,115,000 common shares pursuant to exercise of options for gross proceeds of \$386,725.
- xiii) issued 1,974,505 common shares pursuant to exercise of warrant for gross proceeds of \$629,677, of which \$5,430 is receivable as of September 30, 2018 and is recorded as subscriptions receivable.
- xiv) granted 2,000,000 options to directors, officers, and consultants of the Company, exercisable at a price of \$0.55 per share, expiring on September 25, 2020.

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- xv) granted 750,000 stock options to directors, officers, and consultants of the Company. The options are exercisable at \$0.30 per option for 24 month. The options were fully vested on the grant date.
- xvi) closed the first tranche of a non-brokered private placement with strategic investors and issued 1,428,572 flow-through common shares at \$0.35 per flow-through share for gross proceeds of \$500,000.
- xvii) closed the second tranche of the non-brokered private placement and issued 381,000 flow-through common shares at \$0.35 per flow-through share for gross proceeds of \$133,350. The Company issued 10,570 finders’ warrants exercisable at \$0.35 on or before December 21, 2020.
- xviii) closed the final tranche of the non-brokered private placement and issued 370,000 units at \$0.30 per unit for net proceeds of \$111,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of \$0.45 on or before December 28, 2019.

The Company’s cash is mainly in Canadian dollars. The Company is subject to only minor exchange rate fluctuations relative to the reporting currency.

The Company has not made any commitments for capital expenditures, for exploration and development expenses, or for mineral property option payments.

The Company has not made any arrangements for sources of financing that remain undrawn.

### **Contractual Obligations**

The Company has no long-term debt outstanding or contractual obligations other than those contained in option agreements respecting its mineral properties.

### **Summary of Quarterly Results**

The table below provides, for each of the quarters since incorporation, a summary of both property acquisition and exploration costs on a project-by-project basis, and of corporate expenses.

	<b>Loss per quarter</b>	<b>Fully diluted loss per share</b>	<b>Interest income</b>
Oct. 1, 2016 – Dec. 31, 2016	(162,157)	0.00	-
Jan. 1, 2017 – Mar. 31, 2017	(172,031)	0.00	-
Apr. 1, 2017 – Jun. 30, 2017	(155,590)	0.00	-
Jul. 1, 2017 – Sept. 30, 2017	(234,637)	0.00	-
Oct. 1, 2017 – Dec. 31, 2017	(897,245)	0.02	-
Jan. 1, 2018 – Mar. 31, 2018	(976,521)	0.02	-
Apr. 1, 2018 – Jun. 30, 2018	(450,800)	0.01	-
Jul. 1, 2018 – Sept. 30, 2018	(2,987,451)	0.01	-

### **Fourth Quarter**

During the quarter ended September 30, 2018, the Company wrote-off \$2,081,567 of exploration and evaluation assets.

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**Selected Annual Information**

	Year ended September 30, 2018	Year ended September 30, 2017	Year ended September 30, 2016
Net loss	\$ 5,312,017	\$ 724,415	\$ 886,498
Net loss per share	0.09	0.02	0.02
Total assets	9,424,456	3,902,075	2,786,867
Long term debt	-	-	-
Dividends	Nil	Nil	Nil

**Year Ended September 30, 2018**

Net loss and comprehensive loss for the year ended September 30, 2018 was \$5,312,017 compared to \$724,415 for the year ended September 30, 2017. During the year ended September 30, 2018:

- i) Consulting fees increased to \$339,030 (2017 – \$117,467) due to an increase in activity in the Company resulting in the number of consultants and higher fees in the current year.
- ii) Loss on settlement of debt increased to \$39,023 (2017 – gain on settlement of debt of \$26,511) due to the issuance of shares of debt. The loss was a result of the difference between the deemed price and the fair value at the date of issuance.
- iii) Management fees increased to \$331,493 (2017 – \$135,219) due to increased fees relating to increased activities in the current year.
- iv) Office and miscellaneous increased to \$240,020 (2017 – \$192,246) due to an increase in general activities in the current year.
- v) Professional fees increased to \$158,276 (2017 – \$137,516) due to increased service requirements required in the current year relating to increased activities.
- vi) Regulatory fees increased to \$136,916 (2017 – \$13,543) due to increased filings and increased efforts to communicate the activities of the Company to existing and potential investors in the current year.
- vii) Share-based compensation increased to \$1,681,571 (2017 – \$Nil) due to an increased number of stock options granted during the current year.
- viii) Travel and promotion increased to \$110,690 (2017 – \$61,827) due to an increase in the need to travel the property by management in the current year.
- ix) Write-off of exploration and evaluation assets of \$2,081,567 (2017 – \$Nil) in the current year.

**Financial Risk Factors**

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

The carrying value of the Company’s receivables, due from related parties, marketable securities, accounts payable and accrued liabilities, due to related parties, and mortgage payable approximate their fair value because of the short-term nature of these instruments. Cash is carried at a fair value using a level 1 fair value measurement. Loans payable are accounted for using the effective interest rate method. The marketable securities have been designated as fair value through profit or loss (“FVTPL”), the carrying value on the statement of financial position is reported at fair value.

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*Credit risk*

Credit risk is the risk of loss associated with counterparty’s inability to fulfil its payment obligations. The Company’s management believes it has no significant credit risk.

*Liquidity risk*

The Company’s approach to managing liquidity risk is to use its best efforts to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2018, the Company had a cash balance of \$537,241 (2017 – \$71,174) to settle current liabilities of \$1,025,574 (2017 – \$1,435,789). All of the Company’s accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company expects to fund these liabilities through the use of existing cash resources and additional equity financing.

**Capital Management**

The Company’s primary objectives in capital management are to safeguard its ability to continue as a going concern in order to provide return for shareholders and to maintain sufficient funds to finance the exploration and of its exploration and evaluation interests. Capital is comprised of the Company’s shareholders’ equity. As at September 30, 2018, the Company’s shareholders’ equity was \$8,398,882 (2017 – \$2,466,286).

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements. There were no changes in the Company’s approach to capital management during the year ended September 30, 2018.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances held with financial institutions. The Company is satisfied with the credit rating of its bank.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in a foreign currency. As at September 30, 2018, the Company had minimal cash amounts in foreign currencies and considers foreign currency risk insignificant.

c) Price risk

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

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### **Off Balance Sheet Arrangements**

The Company did not have any off-balance sheet arrangements as at September 30, 2018.

### **Related Party Transactions**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company’s executive officers. Other than disclosed below, there was no other compensation paid to key management during the years ended September 30, 2018 and 2017. During the year ended September 30, 2018, the Company paid or accrued:

- (i) management fees of \$331,493 (2017- \$135,219) to the CEO, former CEO, CFO and companies controlled by CEO, former CEO, and CFO of the Company.
- (ii) director’s fees of \$25,730 (2017 - \$19,051) to directors and a former director of the Company.
- (iii) share-based compensation of \$731,743 (2017 - \$Nil) to directors of the Company.

Included in due to related parties as at September 30, 2018 is \$151,842 (2017 - \$194,384) due to directors, a spouse of a director, former directors and companies controlled by directors.

At September 30, 2018, the Company owed \$6,930 (2017 - \$131,980) for loans received from the former CEO.

During the year ended September 30, 2018, the Company issued 3,200,000 stock options to directors resulting in share-based compensation of \$731,743 (2017 - \$Nil).

During the year ended September 30, 2018, the Company issued Nil (2017 - 738,076) common shares to directors of the Company to settle debts aggregating \$Nil (2017 - \$221,423).

### **Outstanding Share Information at January 28, 2019**

#### Authorized Capital

Unlimited common shares without par value.

#### Issued and Outstanding Capital

74,737,024 shares outstanding

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Stock Options and Warrants Outstanding

The following stock options were outstanding January 28, 2019.

Expiry Date	Exercise Price	Number of Options	Number of Options Exercisable
October 3, 2019	\$ 0.30	3,000,000	3,000,000
December 19, 2019	\$ 0.50	600,000	600,000
January 14, 2020	\$ 0.60	900,000	900,000
September 25, 2020	\$ 0.55	2,000,000	2,000,000
December 19, 2020	\$ 0.30	750,000	750,000
		7,250,000	7,250,000

The following warrants were outstanding at January 28, 2019:

Number of Warrants	Exercise Price	Expiry Date
1,375,000	\$0.25	May 6, 2019
1,573,500	\$0.25	June 3, 2019
725,505	\$0.30	June 10, 2019
185,000	\$0.45	December 28, 2019
1,400,000	\$0.52	January 14, 2020
112,727	\$0.68	February 14, 2020
1,317,908	\$0.70	May 24, 2020
867,000	\$0.70	May 29, 2020
100,000	\$0.35	December 20, 2020
10,570	\$0.35	December 21, 2020
7,667,210		

## Uncertainties and Risk Factors

Being in the exploration stage, the Company will face a variety of risks, and while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as project feasibility, risks related to determining the validity of mineral property title claims, commodities prices, political and environmental laws and regulations. Management monitors its activities and those factors that could impact them in order to manage risk and make timely decisions.

## Financial Instruments

Please refer to Note 2 and Note 9 in the September 30, 2018 Consolidated Financial Statements on [www.SEDAR.com](http://www.SEDAR.com) for financial instrument information.

## New Accounting Policies and New Accounting Pronouncements

Please refer to Note 2 in the September 30, 2018 Consolidated Financial Statements on [www.SEDAR.com](http://www.SEDAR.com) for newly adopted accounting policies and recent accounting pronouncements.

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## **Approval**

The Board of Directors of the Company has approved the disclosure contained in this Management Discussion & Analysis. A copy of this Management Discussion & Analysis will be provided to anyone who requests it.

## **Technical Advisory Board**

In January 2016, the Company created a technical advisory board (“TAB”) to assist management with its Emo, Ontario exploration and development project.

The TAB is presently comprised of Messrs. Frank Puskas and Peter Fischer; their professional qualifications and major involvements have been summarized in associated press releases.

## **Change in Management**

On August 17, 2017, the Company announced the appointment of Mr. John Meekison to its board of directors.

On August 9, 2017, the Company announced the appointment of Richard Savage to its board of directors.

On August 15, 2017, Wally Boguski resigned as President and CEO and the Company announced the appointment of Richard Savage as President and CEO.

## **Presidents Message**

On behalf of our Management Team, I would like to thank all stakeholders for their continued support.

During the year ended September 30, 2018, and to date, the Company has continued to focus its attention on Canada and exploration initiatives undertaken on its recently acquired Emo, Ontario properties.

Effective July 14, 2016, we changed our Company’s name to ‘Crystal Lake Mining Corp.’ to reflect our more recent exploration focus on lower risk Canadian properties, primarily in and around the highly prospective Crystal Lake (Emo) area of Ontario. We feel that this historically underexplored, underdeveloped and often misunderstood geological complex has significant undiscovered potential for hosting numerous commercial scale polymetallic ore bodies.

As our shareholders will be aware, we have recently used considerable resources to acquire significant options on a large land package in this very prospective area of the Canadian Shield, the continued heart of mining in Canada.

Our reasoning is based on several key notions:

1. Mines are usually found near other mines – subject always to larger macro geological influences over an area;
2. Detailed geological study and scientific modelling is required from top experts at all stages of exploration and development – *with specialized knowledge and specific experience with the formations under exploration;*
3. Ontario is one of the world’s best mining jurisdictions; and
4. Risk is largely reduced by following 1, and 2 and 3.

I am proud that we have assembled what we consider to be a very talented group of geologists, geoscientists and mine finders to assist us at the advisory level.

Our geological team has created advanced, area specific geographic models which we are using to guide and plan our exploration initiatives. Now that we have completed our Phase 1 drilling program on each of the L5 and L1 properties we are analyzing the results and applying them to the models.

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We are very encouraged by the results and scientific interpretations to date and we are looking forward to releasing additional results as they are received from Emerald Lake Development Corp. (“ELD”), as Operator.

We are also fortunate that our negotiations with ELD resulted in agreements that will benefit our shareholders by minimizing dilution and providing realistic payment milestones, while we continue to explore and generate results.

We have retained the geological services of two top firms of which will be leading the Company’s 2018 work program.

We have recently completed several private placements and are have budgets in place to achieve our near term milestones.

Management is very confident that this is lining up to be an exciting new era – thank you for your support.

*“Richard Savage”*

President/Chief Executive Officer