TERAS RESOURCES INC

Management's Discussion & Analysis

August 31, 2019

FORM 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS

The following discussion of the financial condition, changes in financial condition and results of operations of Teras Resources Inc. (formerly Profile Resources Inc. ("**Profile**")) for the three months ended August 31, 2019 should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company which have been prepared in accordance with IAS 34, 'Interim financial reporting', and are reported in Canadian dollars. The consolidated financial statements include the accounts of the Company's wholly-owned subsidiaries Profile (U.S.) Inc., NV Mine Development, Inc. and Teras Resources Ltd. USA - all significant inter-company balances and transactions have been eliminated.

Dated – October 29, 2019

Forward-Looking Information

This management discussion and analysis ("**MD&A**") contains "forward-looking information" relating to Teras Resources Inc. ("**Teras**" or the "**Company**") within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein are forward looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. This forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions the Company believes are reasonable.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company or its subsidiaries to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: the early stage development of the Company; general business, economic, competitive, commodity prices, political and social uncertainties, lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting mining, timing and availability of external financing on acceptable terms, lack of qualified, skilled labour or loss of key individuals. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Qualified Person

Dr. Dennis LaPoint, a qualified person under National Instrument 43-101 "Standards of Disclosure for Mineral Projects", and a Director for Teras is the Company's nominated qualified person responsible for monitoring the supervision and quality control of the programs completed on the Company's properties. Dr. LaPoint has reviewed and verified the technical information contained in this MD&A. Dr. LaPoint is a registered geologist with the Society of Mining Engineers.

Overall Performance

The Company is incorporated in Alberta, Canada and is listed on the TSX Venture Exchange as a Tier 2 company. The Company's corporate strategy is to build shareholder value through the acquisition, exploration and development of mineral resource properties. Currently the Company controls seven properties: Cahuilla is the Company's flagship project and has been the focus of recent exploration activities. Sunny Slope, Gold Point, Corral Canyon and Superstition Mountain are all exploration properties and the Company is looking for joint venture partners to further explore these properties. The Company has a patented property in Montana, Watseca Mill, as well as the Golden Jubilee.

On November 5, 2012, the Company leased its **Golden Jubilee** property to the same company, who purchased Watseca, on a royalty basis whereby the Company will receive a 3% net smelter royalty on production and the lessor can purchase 2% of the royalty for a cash payment of $2,000,000. During the third quarter of fiscal 2015, the Company received a royalty of US $42,961 (CDN $49,528). The lease agreement was terminated in January 2018.

During the year ended May 31, 2019, Management reviewed the carrying value of the capitalized exploration and evaluation costs of the Golden Jubilee property for indications of impairment and concluded that, given no exploration activity was undertaken on the property during the current or preceding year and no exploration activity was budgeted for the property, the carrying value is impaired. This resulted in an impairment expense of $131,122 in the consolidated statement of loss and comprehensive loss.

The Company's wholly-owned subsidiaries, Profile (U.S.) Inc., NV Mine Development, Inc. and Teras Resources USA Ltd., are Nevada corporations in good standing, and are also registered to do business in Montana. Profile holds the Watseca and Golden Jubilee property interests.

There are no assurances that the activities at the Golden Jubilee, Cahuilla or the Company's new projects will result in the Company achieving commercial gold production. A number of factors, upon which success is dependent, are beyond the Company's control - see Risks and Uncertainties.

Corporate Changes

On August 15, 2019, the Company issued 3,565,000 common shares for the acquisition of NV Mine Development, Inc. at a price of $0.06 per common share for a valuation of $213,900.

On April 17, 2019 the Company completed the closing of its private placement of Units by issuing 5,800,000 Units at a price of $0.05 per Unit for gross proceeds of $290,000. Each Unit consists of one common share (a "Common Share") and one Common Share purchase warrant (a "**Warrant**"). Each Warrant is exercisable into one Common Share at a price of $0.05 per share for a period of one year from the issuance of such Warrant.

On August 1, 2018, Teras Resources completed the closing of its private placement of Units. Teras issued 12,357,725 Units at a price of $0.055 per Unit for gross proceeds of $679,674. Each Unit consists of one common share (a "Common Share") and one Common Share purchase warrant (a "**Warrant**"). Each Warrant is exercisable into one Common Share at a price of $0.075 per share for a period of one year from the issuance of such Warrant.

The Company is in discussions to sell its mineral property acquired with the acquisition of NV Mine Development, Inc. for US$60,000 plus a half percent royalty.

Selected Annual Information

All currency amounts are in Canadian dollars unless stated otherwise.

	For the years ended May 31, 2019	2018	2017
Revenues	$ 101	$ 851	$ 883
Net (Loss)			
Net loss	(983,497)	(813,604)	(1,266,350)
Other comprehensive income (loss)	56,553	35,937	342,951
Net loss and comprehensive loss	(926,944)	(777,667)	(923,399)
Basic and Diluted Loss per Share	(0.00)	(0.00)	(0.01)
Total Assets	25,503,541	25,311,644	24,840,512
Total Long-Term Liabilities	Nil	Nil	Nil
Cash Dividends Declared	$ Nil	$ Nil	$ Nil

Results of Operations

The Company does not have any significant revenue. The Company funds ongoing expenses from funds raised through private placements.

During the twelve months ended May 31, 2019, the Company incurred a net and comprehensive loss of $926,944 (or $0.00 per share) compared with a net and comprehensive loss of $777,667 (or $0.00 per share) for the twelve months ended May 31, 2018. The increase in the loss of $149,277 can be attributed to the following reasons:

- Compared to the prior year, stock-based compensation expense decreased by $12,000.
- Unrealized gain on translation increased by $55,000. The unrealized gain/loss on translation arises from the translation of the Company's subsidiaries US dollar denominated financial statements, to Canadian dollars. The gain/loss fluctuates with the exchange rate.
- The unrealized loss on investment increased by $35,000. The gain/loss fluctuates with the stock price of NXGM.
- The current year has a pre-exploration expense of $71,000 compared to $Nil in the prior year.
- General and administrative expenses decreased by approximately $105,000 - consulting fees paid to directors, officers and consultants decreased by $49,000 primarily as a result of a decrease in fees paid to consultants. Foreign exchange losses decreased by $28,000. There was a net decrease of $28,000 in travel and other general and administration expenses.
- In the current year the Company recorded an impairment loss of $215,231 on some of its mineral properties.

For the upcoming fiscal year, the Company expects to continue its current level of activity on its Cahuilla project. The Company will have to raise additional funds to carry on its exploration and work plans for Cahuilla.

Risks and Uncertainties

Liquidity risk

The principal activity of the Company is developing its Cahuilla Project. Today, the Company has sufficient capital resources to do further exploration on its current mining claims over the next 9 months. Developing the properties is capital intensive and the Company will need to raise additional funding for further exploration and development activities to maintain its position in the Project. To further develop the Project, the Company will also need to secure the necessary permits and approvals necessary to continue its development plans.

The Company has purchased a Business Insurance policy for the Company which has a $2,000,000 Business Liability and $10,000 contents provision. This policy does not cover the contents on the US properties. The Company is currently at risk and not insured for the Watseca Mill site and equipment. The Watseca property is in an unpopulated area and has the occasional trespasser going on site.

An investment in the Company should be considered speculative due to the nature of its activities and the present stage of its development.

The Company is in the exploration stage of development. The Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

The Company has no source of operating cash flow and no assurance that additional funding will be available for either further exploration and or development of its projects or to fulfill its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company' projects with the possible loss of such projects. The Company presently has insufficient funds to undertake all of its future planned exploration and development programs and the Company will need additional financing to continue its business plans and there can be no assurance that such financing will be available or, if available, will be on reasonable terms. If financing is obtained by issuing shares from treasury, control of the Company may change and shareholders may suffer additional dilution. To the extent financing is not available, lease expiry dates, work commitments, rental payments and option payments, if any, may not be satisfied and could result in a loss of property ownership or earning opportunities by the Company.

Exploration and development risk

The Company is engaged in exploration and development of mineral properties. The mineral exploration and development industry involves a high degree of risk, for which, even with a combination of experience, knowledge and careful evaluation, there is no assurance that commercial quantities of resources or reserves can be successfully found or produced.

Development of the Company's mineral properties will only follow upon obtaining satisfactory results. Exploration for and the development of mineral resources involves a high degree of risk and few properties which are explored are ultimately developed into producing properties. There is no assurance that the Company's exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors. The Company either owns or controls its properties through leases, option agreements, joint ventures, and other agreements granting the Company a working interest in its properties. If the Company fails to meet payments or work commitments on agreements in relation to these properties, the Company may lose its interests in its properties and forfeit any funds expended to such time. At such time when mining commences on its Cahuilla project, underlying royalties will be owed to the land owners ranging from 1.5% to 2.5%.

Title to mineral interests in some jurisdictions is often not susceptible to determination without incurring substantial expense. In accordance with industry practice, the Company conducted such title reviews in connection with its properties as it believes are commensurate with the value of such properties. The actual interest of the Company in certain properties may vary from the Company's records.

The Company's operations are subject to the risks normally incident to the operation and development of mineral properties, including drilling, trenching and surveying, all of which could result in personal injuries, loss of life and damage to the property of the Company and others. In accordance with customary industry practice, the Company is not fully insured against all of these risks, nor are all such risks insurable.

Exploration for minerals involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in work stoppages, damage to persons or property and possible environmental damage. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs.

To the extent that the Company is not the operator of its properties, the Company will be dependent on such other operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators. As a result, there is no assurance that the work required to bring such properties to the next stage of development will be completed.

From time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase debt levels of the Company above industry standards. Depending on future exploration and development plans, the Company may require additional financing which may not be available or, if available, may not be available on favourable terms.

Environmental risk

Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The Company intends to fully comply with all environmental regulations in all of the jurisdictions in which it is active.

Dependence on key individuals

The Company is dependent on a relatively small number of key individuals, the loss of any of whom could have an adverse effect on the Company. The Company has not, as yet, purchased any “key-man” insurance with respect to any of its directors, officers, key individuals or proposed directors or officers, and has no current plans to do so.

Price risk

The prices of natural resources are outside the control of the Company. The Company will be a price taker for its products and commodity prices can be expected to show volatility. The Company’s revenues, if any, are expected to be in large part derived from the extraction and sale of minerals. The prices of those commodities has fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company’s control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of minerals, and therefore the economic viability of any of the Company’s exploration projects cannot accurately be predicted.

Approvals and permits

Government approvals, permits and licences are currently, and may in the future be, required in connection with the Company’s operations. There can be no assurance that the Company will be able to obtain all of the necessary approvals, licences and permits that may be required to carry out exploration, development and operations at its projects. To the extent such approvals, permits and licences are required and not obtained, the Company may be restricted or prohibited from proceeding with planned exploration or development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in natural resource industry operations may be required to compensate those suffering loss or damage by reason of such activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, could have a material adverse impact on the Company and cause increases in capital expenditures.

Investment risk

The mining industry is intensely competitive in all of its phases. The Company competes with many companies possessing greater financial resources and technical facilities than themselves. Competition could adversely affect the Company’s ability to acquire suitable properties for exploration in the future.

The Canadian federal and provincial tax treatment of mining activities has a material effect on the advisability of investing in mining companies. The return on an investment in shares of the Company is subject to changes in federal and provincial tax laws. There can be no assurance that the income tax legislation in Canada will not be amended so as to fundamentally alter the tax consequences of holding or disposing of shares of the Company. The Company does not anticipate paying any dividends on its shares in the foreseeable future.

There is no guarantee that title to the Company’s properties will not be challenged or impugned. While title has been investigated and, to the best of the Company’s knowledge, title to the Company Properties is in good standing, this should not be construed as a guarantee of title.

Summary of Quarterly Results

The following table presents selected financial information of the Company for the eight most recently completed quarters:

	2020	2019				2018		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	Aug 31	May 31	Feb 28	Nov 30	Aug 31	May 31	Feb 28	Nov 30
Revenues	$ -	$ -	$ -	$ -	$ 101	$ 273	$ 253	$ 251
Net income (loss)	(29,918)	(375,584)	(195,958)	(213,201)	(198,754)	(240,261)	(146,023)	(189,521)
Other comprehensive gain (loss)	(52,167)	144,508	(80,961)	2,151	(9,145)	54,737	12,405	17,573
Net and comprehensive income (loss)	(82,085)	(231,076)	(276,919)	(211,050)	(207,899)	(185,524)	(133,618)	(171,948)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total Assets	26,041,315	25,503,541	25,482,452	25,569,763	25,704,315	25,311,644	25,301,538	25,449,680
Total Long-Term Liabilities	-	-	-	-	-	-	-	-
Cash Dividends Declared	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

General and Administrative Expenses

	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Consulting fees	65,582	72,840	79,940	77,415	77,515	142,302	72,243	73,020
Accounting and legal	34	48,967	84	9,299	14,326	35,775	7,253	1,811
Other	58,490	43,896	47,165	49,332	52,844	45,509	39,440	75,451
	124,106	165,703	127,189	136,046	144,685	223,586	118,936	150,282

For the three months ended August 31, 2019 the Company had net and comprehensive loss of $82,085 (or $0.00 per share) compared with a net and comprehensive loss of $207,899 (or $0.00 per share) for the three months ended August 31, 2018 - a decrease of $125,814.

- Consulting fees decreased by $12,000 due to a reduction in the fees paid to the directors and officers of the Company.
- Other expenses increased by $13,000. Foreign exchange losses decreased by $7,000.
- Legal expenses decreased by $14,000. No legal expenses were incurred in the current quarter.
- Stock-based compensation expense increased by $8,000 due to the granting of some options.
- The current period includes an unrealized loss on translation of $25,000 as compared to a loss of $10,000 in the prior period.
- The current period includes a loss on investment of $28,000 compared to a gain of $400 in the prior period.
- The prior period had pre-exploration expense of $50,000.
- The current period has fair value discount income of $127,000 and interest expense of $21,000 arising from the accounting treatment of the Note payable in the face value amount of $500,000.

For the three months ended May 31, 2019, the Company had net and comprehensive loss of $231,076 (or $0.00 per share) compared with a net and comprehensive loss of $185,524 (or $0.00 per share) for the three months ended May 31, 2018 - an increase of $45,552.

- Consulting fees decreased by $69,000 due to a reduction in the fees paid to the directors and officers of the Company.
- Other expenses decreased by $2,000. Foreign exchange losses increased by $4,000 and expenses for shareholder services decreased by $4,000.
- Legal expenses increased by $5,000 and accounting by $8,000.
- Stock-based compensation expense decreased by $29,000. An adjustment to stock based compensation expense was recorded in the current period.
- The current period includes pre-exploration expense of $7,000.
- The current period includes an unrealized gain on translation of $104,000 as compared to a gain of $15,000 in the prior period.
- The current period and the prior period both include a gain on investment of $40,000.
- The current period includes an impairment of exploration and evaluation assets of $215,000.

For the three months ended February 28, 2019, the Company had net and comprehensive loss of $276,919 (or $0.00 per share) compared with a net and comprehensive loss of $133,618 (or $0.00 per share) for the three months ended February 28, 2018 - an increase of $143,301.

- Consulting fees increased by $7,000.
- Other expenses increased by $7,000. Foreign exchange losses decreased by $1,000 and expenses for shareholder services decreased by $4,000. There was an increase of $6,000 in other general and administrative expenses.
- Legal expenses decreased by $7,000.
- Stock-based compensation expense increased by $41,000 as new options were granted in September 2018.
- The current period includes an unrealized loss on translation of $68,000 as compared to a gain of $12,000 in the prior period.
- The current period includes a loss on investment of $14,000.

For the three months ended November 30, 2018, the Company had net and comprehensive loss of $211,050 (or $0.00 per share) compared with a net and comprehensive loss of $171,948 (or $0.00 per share) for the three months ended November 30, 2017 - an increase of $39,102.

- Consulting fees increased by $4,000.
- Other expenses decreased by $26,000. Foreign exchange losses decreased by $6,000 and expenses for shareholder services increased by $9,000 due to a change in the date of the annual general meeting. There was a reduction of $29,000 in other general and administrative expenses.
- Legal expenses increased by $7,000 due to a change in the date of the annual general meeting.
- Stock-based compensation expense increased by $25,000 as new options were granted in September 2018.
- The current period includes an unrealized gain on translation of $41,000 as compared to a gain of $18,000 in the prior period.
- The current period includes a loss on investment of $39,000.
- The current period includes pre-exploration expenses of $13,000 on a mineral property, the acquisition of which is not yet complete.

Per share amounts

Per share amounts are calculated using the weighted average number of shares outstanding during the period. Diluted per share amounts are calculated based on the treasury stock method which assumes that any proceeds obtained on the exercise of options and warrants would be used to purchase common shares at the average price during the period. Where the effect of options and warrants is anti-dilutive, they are not included in the calculation of diluted per share amounts.

Liquidity and Capital Resources

As of August 31, 2019, the Company had cash of $279,141 and working capital deficiency of $357,452 as compared to cash of $204,341 and a working capital deficiency of $39,372 as at May 31, 2019.

In the first quarter of fiscal 2020, the Company issued 3,565,000 common shares for the acquisition of NV Mine Development, Inc. at a price of $0.06 per common share for a valuation of $213,900.

In the fourth quarter of fiscal 2019, the Company issued 5,800,000 units at a price of $0.05 per unit consisting of one common share and one common share purchase warrant exercisable into one common share at a price of $0.05 per share for a period of one year from issuance for gross proceeds of $290,000.

In the first quarter of fiscal 2019, the Company issued 12,357,725 units at a price of $0.055 per unit consisting of one common share and one common share purchase warrant exercisable into one common share at a price of $0.075 per share for a period of one year from issuance for gross proceeds of $679,675.

The Company will need to raise additional funds in order to further the development of the Cahuilla as well as its other mining Claims in Nevada. The Company will raise the additional funds by the issuance of share capital, as necessary.

Related party balances and transactions

As of August 31, 2019, included in accounts payable and accrued liabilities is $164,099 (May 31, 2018 - $152,493) due to related parties. The amounts payable to related parties are due to directors and senior officers of the Company or to private companies controlled by them for various services rendered and expenditures incurred on behalf of the Company.

For the three months ended August 31, 2019 and 2018, the following includes all amounts paid to key management personnel and directors and officers, in these consolidated financial statements:

	2019	2018
Consulting fees and benefits	**$ 68,582**	$ 79,015
Stock-based compensation	**5,139**	2,771
	$ 73,721	$ 81,786

These transactions were made in the normal course of operations for consideration established and accepted by the Company and related parties.

Commencing August 1, 2019 the President and CEO of the Company, at his sole discretion has reduced his compensation to $125,000 per annum, to be reassessed when the Company has secured additional financing.

Acquisition

On August 15, 2019 the Company completed the acquisition of NV Mine Development, Inc. of Nevada through the issuance of 3,565,000 common shares of the Company in exchange for all the issued and outstanding shares of NV Mines. The transaction was valued at $213,900.

The purchase price was allocated as follows:

Explorations and evaluation assets	$ 213,900

Note payable

On July 31, 2019 the Company signed a Loan Agreement for $500,000. The loan is non-interest bearing, repayable on or before January 31, 2020, and is secured by the assets of the Company. As part of the Loan Agreement, the Company provided a 4% interest in the Company's Cahuilla property which the Company may repurchase the 4% interest on mutually acceptable terms.

The Note was discounted using a rate of 30% per annum based on management's best estimate of the Company's borrowing cost and has been recorded as follows:

Note payable

Face value of Note payable	$ 500,000
Fair value discount on initial recognition	(127,000)
Interest accretion	21,167
	$ 394,167

Off-statement of financial position arrangements

The Company does not have any off-statement of financial position arrangements.

Significant accounting policies

The significant accounting policies used in the preparation of the audited consolidated financial statements are described in Note 3 of the audited consolidated financial statements for the year ended May 31, 2019. There have been no changes to the Company's accounting policies since May 31, 2019 except as outlined below:

New and revised standards and interpretations

Financial Liabilities

During the period ended August 31, 2019, the Company issued a note payable as detailed in note 9. The initial measurement of the note payable was at fair value less directly attributable transactions costs and is subsequently being measured at amortized cost using the effective interest method. Interest expense and fair value on initial measurement has been recognized in net earnings.

Business Combinations

Business combinations are accounted for using the acquisition method where the acquisitions of companies and assets meet the definition of a business under IFRS. The acquired identifiable net assets are measured at their fair value at the date of acquisition or the fair value of the consideration given up, whichever is more readily reliable. Any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill. Following initial recognition, goodwill is recognized at cost less any accumulated impairment losses. Any deficiency of the purchase price below the fair value of the net assets acquired is recorded as a gain in net earnings. Associated transaction costs are expensed when incurred.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The adoption of this standard on June 1, 2019, had no material impact on the Company's consolidated financial statements.

Additional information relating to the Company is filed on www.sedar.com

Summary of Securities as at August 31, 2019 and October 29, 2019:

(1) Authorized share capital:

Unlimited number of voting common shares
Unlimited number of non-voting preferred shares

(2) Shares issued and outstanding:

At August 31, 2019 there were 196,207,953 common shares outstanding with a recorded value of $44,330,317.

As of October 29, 2019 there were 196,207,953 common shares outstanding.

(3) Options outstanding:

At August 31, 2019, there were 6,300,000 options outstanding to purchase common shares at exercise prices ranging from $0.085 - $0.15 with a weighted average of $0.11. These options expire on dates ranging from January 6, 2020 – September 9, 2023.

As of October 29, 2019, there were 6,300,000 options outstanding to purchase common shares at exercise prices ranging from $0.085 - $0.15. These options expire on dates ranging from January 6, 2020 – September 9, 2023.

(4) Warrants outstanding:

As of August 31, 2019, there were 31,641,475 share purchase warrants outstanding to purchase common shares at exercise prices ranging from $0.05 to $0.15. These warrants expire on dates ranging from April 17, 2020 to August 2, 2020.

As of October 29, 2019, there were 31,641,475 share purchase warrants outstanding to purchase common shares at an exercise prices ranging from $0.05 to $0.15. These warrants expire on dates ranging from April 17, 2020 to August 2, 2020.