

Cassowary Capital Corporation Limited
(a Capital Pool Company)

Management Discussion and Analysis
for the three and six months ended June 30, 2020

The following management’s discussion and analysis (“**MD&A**”) should be read in conjunction with Cassowary Capital Corporation Limited’s (the “**Company**”) unaudited condensed interim financial statements and notes thereto as at and for the three and six months ended June 30, 2020 (the “**interim financial statements**”) and the audited financial statements for the year ended December 31, 2019 and related notes. This MD&A was prepared by management of the Company, and was approved by the Board of Directors on August 28, 2020. Additional information relating to the Company is available on SEDAR at www.sedar.com.

BASIS OF PRESENTATION

This MD&A and the interim financial statements have been prepared in Canadian dollars, unless otherwise indicated, and in accordance with International Financial Reporting Standards (“**IFRS**”).

FORWARD-LOOKING INFORMATION

Certain statements contained in this document constitute “forward-looking information”. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “propose”, “anticipate”, “believe”, used by any of the Company’s management, are intended to identify forward-looking information. Such statements reflect the Company’s forecasts, estimates and expectations, as they relate to the Company’s current views based on their experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments unless required by law.

CORPORATE PROFILE AND OVERALL PERFORMANCE

Incorporation and Initial Public Offering

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on January 31, 2018. The Company maintains its head office and registered office at 1600, 421 - 7th Avenue SW Calgary, Alberta T2P 4K9. The Company is a “Capital Pool Company (“**CPC**”) as defined pursuant to Policy 2.4 – *Capital Pool Companies* (“**Policy 2.4**”) of the TSX Venture Exchange (the “**TSXV**”).

On January 31 and April 30, 2018, the Company issued for cash consideration, 100 and 10,000,000 common shares respectively, at a price of \$0.05 per share, for total gross proceeds of \$500,005.

On July 30, 2018 and in connection with its initial public offering and listing on the TSXV, the Company filed a Prospectus with the Alberta Securities Commission, Ontario Securities Commission, and British Columbia Securities Commission to issue 4,000,000 common shares at a price of \$0.10 per share. Pursuant to an Agency Agreement between the Corporation and Richardson GMP Limited (the “**IPO Agent**”), the

Company agreed to issue the 4,000,000 common shares at a price of \$0.10 per share (the “**Offering**”) and the Company appointed the IPO Agent as its agent for the Offering.

On September 6, 2018 the Company completed the Offering, raising gross proceeds of \$400,000. The common shares of the Company commenced trading on the TSXV on September 12, 2018 under symbol “BIRD.P”.

The Company paid the IPO Agent, a cash commission of \$40,000 in connection with the Offering; a corporate finance fee of \$15,000; and reimbursement for certain expenses (including legal fees plus disbursements and applicable taxes). The IPO Agent was also granted a non-transferable Agent's Option to purchase 400,000 common shares at a price of \$0.10 per common share, which will expire 24 months from the date of issuance.

The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein within twenty-four months of listing on the TSXV. The purpose of such an acquisition is to satisfy the related conditions of a “Qualifying Transaction” under Policy 2.4. The Company has no assets other than cash held in trust. The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm’s length transaction, of the majority of the minority shareholders.

Proposed Qualifying Transaction with Western Gold Exploration Limited

On June 1, 2020, the Company entered into a binding letter of intent for the proposed business combination with Western Gold Exploration Limited (“**WGE**”) pursuant to which the Company agreed to acquire all of the outstanding shares of WGE (the “**WGE Transaction**”). WGE is a private company formed under the laws of England and Wales and holds minerals rights in Argyll County in western Scotland. Upon completion of the WGE Transaction, the combined entity (the “**Resulting Issuer**”) will continue the business of WGE and initially will be engaged in the exploration and development of prospective mineral properties located in Scotland, with a focus on gold and copper exploration and development. The WGE Transaction is intended to be the Company’s “Qualifying Transaction” (as such term is defined in the policies of the TSXV).

Effective July 14, 2020, the Company entered into the Share Exchange Agreement dated July 14, 2020 among the Company, WGE and holders of a majority of the outstanding shares of WGE, being the definitive agreement contemplated by the aforementioned letter of intent and setting forth the definitive terms and conditions of the WGE Transaction.

A name change of the Company is proposed in connection with the WGE Transaction. It is also proposed that concurrent with the completion of the WGE Transaction, the common shares of the Resulting Issuer be consolidated on the basis of one (1) post-consolidation share for each two and one-half (2.5) pre-consolidation shares (the “**Consolidation**”). A special resolution for the approval of the proposed name change and Consolidation will be put to the Company’s shareholders for consideration at the Company’s shareholder meeting in connection with the WGE Transaction.

On August 21, 2020 the Company completed a non-brokered private placement of Subscription Receipts of the Company representing an aggregate of 11,333,333 Subscription Receipts for gross proceeds of \$1.7 million. Each Subscription Receipt has been issued at a price of \$0.15.

Each Subscription Receipt will, upon satisfaction of certain escrow release conditions, automatically convert, without any further action or further consideration from the Subscription Receipt holder, into one

(1) common share of the Company and, immediately thereafter, upon completion of the WGE Transaction, will be subject to the Consolidation (assuming the Consolidation is approved by the shareholders of the Company). If the escrow release conditions are not satisfied by 4:00 pm (Calgary time) on November 30, 2020 (unless otherwise extended in accordance with the terms of the subscription receipt agreement which governs the Subscription Receipts), then the Subscription Receipts will immediately become null and void and the escrow agent shall distribute the escrowed proceeds and accrued interest to the holders of the Subscription Receipts, together with their pro rata share of interest earned thereon.

The WGE Transaction as proposed is a related party transaction (as such term is defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*), and as a result a meeting of the shareholders of the Company is required to, among other things, approve the WGE Transaction.

The Company continues to work diligently to advance the WGE Transaction and obtain the necessary approvals to complete the WGE Transaction.

Proposed Qualifying Transaction with Lobo and Cancellation

The Company entered into a non-binding letter of intent (“**Lobo LOI**”) with Lobo Genetics Inc. (“**Lobo**”) dated November 20, 2018, pursuant to which the parties thereto would complete a transaction that would result in a reverse takeover of the Company by Lobo (the “**Lobo Acquisition**”). The Company intended for the Lobo Acquisition to constitute its Qualifying Transaction.

On May 29, 2019, the Company terminated the Lobo LOI and announced it would no longer be proceeding with the proposed Lobo Acquisition. No deposit or cash advance was made by the Company to Lobo in connection with the proposed Lobo Acquisition.

Grant of Stock Options

Upon closing of the IPO Offering, the Company granted 1,400,000 incentive stock options to its director and officers which are exercisable within 10 years from the date of the grant at an exercise price of \$0.10 per share.

RESULTS OF OPERATIONS

As at the date of this report, the Company was a CPC. Accordingly, the Company has not recorded any revenues, and depends upon share issuances to fund its administrative expenses.

Selected Financial Highlights

Summarized selected financial information with respect to the Company for the most recent eight quarters is as follows:

Description	June 30, 2020 / 2020 Q2	Mar. 31, 2020 / 2020 Q1	Dec. 31, 2019 / 2019 Q4	Sept. 30, 2019 / 2019 Q3	June 30, 2019 / 2019 Q2	Mar. 31, 2019 / 2019 Q1	Dec. 31, 2018 / 2018 Q4	Sept. 30, 2018 / 2018 Q3
Total Revenue	-	-	-	-	-	-	-	-
Total Expenses	\$20,117	\$1,818	\$25,149	\$3,170	\$13,449	\$2,751	\$24,106	\$137,087
Net and comprehensive loss	\$20,117	\$1,818	\$25,149	\$3,170	\$13,449	\$2,751	\$24,106	\$137,087

Description	June 30, 2020 / 2020 Q2	Mar. 31, 2020 / 2020 Q1	Dec. 31, 2019 / 2019 Q4	Sept. 30, 2019 / 2019 Q3	June 30, 2019 / 2019 Q2	Mar. 31, 2019 / 2019 Q1	Dec. 31, 2018 / 2018 Q4	Sept. 30, 2018 / 2018 Q3
Earnings (Loss) per Share-Basic and Diluted	(\$0.01)	\$0.00	(\$0.01)	\$0.00	\$0.00	\$0.00	(\$0.01)	(\$0.14)
Weighted average shares outstanding	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	977,778

	As at June 31, 2020	As at Mar. 31, 2020	As at Dec. 31, 2019	As at Sept. 30, 2019	As at June 30, 2019	As at Mar. 31, 2019	As at Dec. 31, 2018	As at Sept. 30, 2018
Total Assets	\$710,183	\$719,838	\$741,214	\$740,787	\$758,449	\$771,146	\$772,840	\$780,830
Total Short Term Liabilities	\$17,559	\$7,097	\$26,655	\$1,079	\$15,571	\$14,819	\$13,762	\$9,741
Shareholders' Equity	\$692,624	\$712,741	\$714,559	\$739,708	\$742,878	\$756,327	\$759,078	\$771,089
Shares outstanding	14,000,100	14,000,100	14,000,100	14,000,100	14,000,100	14,000,100	14,000,100	14,000,100

Discussion of Operations

During the six-month period ended June 30, 2020 the Company had a net loss and comprehensive loss of \$21,935 (six-month period ended June 30, 2019 - \$16,200), related to professional fees and regulatory and filing fees.

During the three-month period ended June 30, 2020 the Company had a net loss and comprehensive loss of \$20,117 (three-month period ended June 30, 2019 - \$13,449), related to professional fees and regulatory and filing fees.

Currently the only assets of the Company are cash.

In the future, the Company will incur expenses as it identifies and evaluates potential companies, assets or business for a Qualifying Transaction.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company has 14,386,600 common shares outstanding.

Pursuant to an escrow agreement dated July 30, 2018 between the Company, Alliance Trust Company and certain shareholders of the Company, 10,000,100 of the issued and outstanding common shares have been deposited in escrow. Upon the Company completing a Qualifying Transaction, the TSXV will issue a bulletin announcing the final acceptance, and 10% of the common shares held pursuant to the escrow agreement shall immediately be released. Every six months following the initial release an additional 15% will be released. The release of the escrowed common shares will be accelerated if the resulting issuer meets the TSXV's Tier 1 initial listing requirements either at the time the bulletin announcing the final acceptance is released or subsequently.

As at the date of this MD&A, the Company has outstanding options that are exercisable pursuant to the: (i) September 7, 2018 grant of Agent's Options to purchase 400,000 common shares and (ii) grant of incentive options to certain officers and directors to acquire, in aggregate, 1,400,000 common shares.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2020, the Company had cash of \$710,183 (December 31, 2019 - \$741,214) and working capital of \$692,624 (December 31, 2019 - \$714,559).

The balance in cash is from the proceeds of: (i) \$500,005 following the issuance of 10,000,100 common shares of the Company pursuant to its seed share financing; and (ii) \$400,000 following the issuance of 4,000,000 common shares of the Company pursuant to its IPO Offering.

Management believes the Company has sufficient funds on hand to meet anticipated administrative and other related expenditures.

As a CPC, the Company is subject to externally imposed capital requirements as outlined in Policy 2.4 and summarized below:

1. No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a Qualifying Transaction;
2. Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a Qualifying Transaction;
3. No more than the lesser of \$210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate a Qualifying Transaction;
4. After the completion of its initial public offering and until the completion of a Qualifying Transaction, a CPC may not issue any securities unless written acceptance of the TSXV is obtained before the issuance of the securities.

OFF-BALANCE SHEET ARRANGEMENTS

As at June 30, 2020, and up to the date of this MD&A, the Company had no off-balance sheet arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

Gowling WLG (Canada) LLP, a law firm of which three directors and shareholders of the Company are partners of such law firm are related through common management. During the six months ended June 30, 2020, the Company incurred expenses of \$12,385 (six months ended June 30, 2019 - \$2,743) related to legal services received.

PROPOSED TRANSACTIONS

As at June 30, 2020, and up to the date of this MD&A, there were no proposed transactions of the Company, other than as disclosed herein.

CRITICAL ACCOUNTING ESTIMATES & CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the period. It is management's opinion that there are no significant estimates that affected the reported amounts as at or for the period ended June 30, 2020.

Notes to the interim financial statements are available on SEDAR at www.sedar.com.

ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

There are no accounting standards that have been issued but have future effective dates that are expected to have a material effect on the Company's financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents and accounts payable. The fair value of these financial instruments approximates their carrying values, unless otherwise noted. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from financial instruments.

RISKS AND UNCERTAINTIES

The Company is a Capital Pool Company as that term is defined in Policy 2.4. The Company is actively working to identify assets or businesses in order to complete a Qualifying Transaction. During this time, the Company will have no source of recurring income.

If the Company fails to complete its Qualifying Transaction within 24 months from its listing date, the TSXV could suspend or delist the common shares of the Company. In the event that the Company does not complete its Qualifying Transaction within the time specified by the TSXV, an interim cease trade order may be issued against the Company's securities by the securities regulatory authorities and the Company's securities may be suspended from trading on, or delisted from, the TSXV.

Although management of the Company will be working to identify a Qualifying Transaction, there is no assurance that a Qualifying Transaction will be entered into or be completed within the specified time, or at all. Nor can there be an assurance that the Company will be able to obtain additional financing in the future on terms acceptable to the Company or at all.

The Company is relying solely on the past business success of its directors and officers to identify a Qualifying Transaction of merit. The success of the Company is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Company. In such event, the Company will seek satisfactory replacements but there can be no guarantee that appropriate personnel may be found.

Completion of the Qualifying Transaction is subject to a number of conditions, including acceptance by the TSXV and in the case of a non-arm's Length Qualifying Transaction, majority of minority approval.

Please also refer to the section entitled "Risk Factors" in the Company's Prospectus for an Initial Public Offering, dated July 30, 2018, available on SEDAR at www.sedar.com.

On behalf of the Board of Directors,

"Gordon Chmilar"

Director and Chief Financial Officer

Calgary, Alberta

August 28, 2020