VALDY INVESTMENT LTD.
(A Capital Pool Company)

FORM 51-102FI
MANAGEMENT DISCUSSION AND ANALYSIS
NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019

The following management discussion and analysis for Valdy Investment Ltd. (“the Company”) is prepared as of November 7, 2019 and should be read together with the unaudited condensed interim financial statements for the nine month period ended September 30, 2016 and related notes attached thereto (financial statements), which were prepared in accordance with the International Financial Reporting Standards (“IFRS”). The reader should also refer to the Company’s audited financial statements and accompanying notes for the period from incorporation on August 22, 2018 to March 31, 2019.

All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information related to the Company is available for view on SEDAR under the Company’s profile at www.sedar.com.

Description of Business

The Company was incorporated under the provincial Business Corporations Act (British Columbia) on August 22, 2018 and its registered office is at 4619 West 3rd Avenue, Vancouver, BC V6R 1N5. The Company completed its Initial public Offering (“IPO”) on May 27, 2019 and is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). 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 by completing a purchase transaction, by the exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading. These financial statements have been prepared 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 financial statements do not include adjustments to amounts and reclassification of assets and liabilities that might be necessary should the Company be unable to continue operates. Management estimates it has sufficient funds to operate for the next twelve months.

The Company filed a prospectus offering for a minimum of 2,000,000 common shares and a maximum of 4,000,000 common shares at a price of $0.10 per share (the “Offering”) for total estimated proceeds ranging from $200,000 to $400,000 (before transaction costs) on May 3, 2019. The Company completed the Offering on May 27, 2019 by raising gross proceeds of $250,000. Leede Jones Gable Inc. (the “Agent”) acted as the agent pursuant to an Agency Agreement entered into on May 3, 2019. The Company paid the Agent a commission of $25,000 equal to 10% of the gross funds raised from the Offering and an administrative fee of $5,250. The Company also reimbursed the Agent $6,000 for its legal fees and expenses incurred in connection to the Offering. The Company granted the Agent 250,000 agent’s warrants equal to 10% of the common shares sold in connection with the Offering, where each agent’s warrant is exercisable into on common share at $0.10 expiring May 27, 2021. The agent’s warrants have been assigned a fair value of $13,202 or $0.05 per agent’s warrant. The fair value of the agent’s warrant was estimated using the Black-Scholes option pricing model assuming a life expectancy of 2 years, a risk-free rate of 1.59%, a forfeiture rate of 0%, and volatility of 100%.

The Company granted directors and officers 700,000 incentive stock options exercisable at $0.10 upon closing of the Offering. The stock options will be exercisable for a period of 10 years from the date of grant.

Overall Performance

As at September 30, 2019, the Company had $467,249 (December 31, 2018 - $471,875) in cash and working capital was $460,127 (December 31, 2018 – $84,978). The Company incurred a net loss of $148,817 (from incorporation on August 22, 2018 to December 31, 2018 - $15,022) during the nine-month period ended September 30, 2019.

Summary of Quarterly Reports

	Three Months Ended September 30, 2019
Interest income	Nil
Net loss	(57,273)
Basic and diluted per share	(0.01)

	Three Months Ended			
	June 30 2019 $	March 31, 2019 $	December 31, 2018 $	September 30, 2018
Interest income	Nil	Nil	Nil	Nil
Net loss	(91,544)	(48,025)	Nil	(15,022)
Basic and diluted per share	(0.04)	(0.05)	(0.00)	(0.01)

As the Company was incorporated on August 22, 2018 there is only five quarters to present. During the three-month period end June 30, 2019, the Company completed the Offering on May 27, 2019. As a result of the Offering, expenditures (professional fees and transfer agent and filing fees) increased due to becoming a reporting issuer. As well, the Company issued 700,000 stock options with an exercise price of $0.10 per share, at a fair value of $62,644 (2018 - $Nil)

During the three-month period ended September 30, 2019, the Company incurred costs relating to maintaining a public company in costs relating to legal and accounting services.

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 and Board of Director members.

During the period ended September 30, 2019, the Company issued 700,000 stock options to officers and directors of the Company with an exercise price of $0.10 per share, at a fair value of $62,644. The weighted average fair value per option was $0.09. The fair value of the options is estimated using the Black-Scholes option pricing model assuming a life expectancy of 10 years, a risk-free rate of 1.59%, a forfeiture rate of 0%, and volatility of 100%.

There was no compensation paid to key management during the period from incorporation on August 22, 2018 to December 31, 2018.

Liquidity and Capital Resources

The financial statements have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

As At	September 30, 2019 $	December 31, 2018 $
Working capital	460,127	84,978
Deficit	163,839	15,022
Cash	467,249	92,478
Current liabilities	7,122	7,500
Shareholders' equity (deficiency)	460,127	84,978

Net cash used in operating activities for the period was $86,551 (2018 – $Nil). This amount consists of a net operating loss of $148,817 (2018 - $Nil) less share-based payment of $62,644 (2018 $Nil). Changes in non-cash working capital consists of a decrease in accounts payable and accrued liabilities of $378 (2018 – $12,500).

There were no investing activities during the current and comparative period.

The Company completed private placements during the period ended September 30, 2019, net of share issuance costs of $461,322 (2018 – $100,000).

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. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company has sufficient funds to cover anticipated administrative expenses throughout the year. It will continue to focus on identifying and evaluating assets or a business to acquire which will serve as its Qualifying Transaction.

Financial Instruments and Risk Management

The following is the accounting policy for financial assets under IFRS 9:

<u>Financial assets</u>

The Company classifies its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in profit or loss.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in which they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date, and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The Company has classified its financial instruments as follows:

- Cash: FVTPL
- Trade payable and accrued liabilities: Amortized cost

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

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

The Company's cash is measured as level 1 input.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Overview

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to short term nature.

Credit Risk

Credit Risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held with reputable institutions in Canada.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2019, the Company had a cash balance of $467,249 to pay liabilities of $7,122.

Market Risks

The Company will be subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. For the period ended September 30, 2019, the Company held $nil financial instruments subject to significant foreign exchange or interest rate risks.

Capital Management

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1 for the Condensed Interim Financial Statements as at September 30, 2019. The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

- to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and
- to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at period end, except as discussed below.

Until the completion of a Qualifying Transaction, the gross proceeds realized from the sale of all securities may only be used to identify and evaluate assets or businesses for, and obtain shareholders' approval for, a proposed Qualifying Transaction, with the exception that no more than the lesser of 30% of the gross proceeds from the sale of securities issued by a CPC and $210,000 may be used to cover prescribed costs of issuing securities and administrative and general expenses ("Restricted Use of Proceeds").

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at September 30, 2019 or as at November 7, 2019.

Subsequent Event

The Company does not have any subsequent events as at September 30, 2019 or as at November 7, 2019.

Outstanding Share Data

	Number	Exercise Price	Expiry Date
Common Shares	7,000,000	n/a	n/a
Stock Options	700,000	$0.10	May 27, 2029
Warrants	250,000	$0.10	May 27, 2021

The Company has 2,500,000 common shares subject to an escrow agreement as at September 30, 2019. Whereby 10% of the shares will be released from escrow upon the completion of the qualifying transaction. An additional 15% of the escrowed common shares will be released on each six-month anniversary thereafter unless otherwise permitted by the Exchange. Common shares issued upon the exercise of options held by officers and directors are subject to the same escrow conditions to the extent of options exercised prior to the completion of a qualifying transaction. Escrowed shares may be subject to cancellation if the qualifying transaction is not completed within 24 months from the date of listing.

Critical Judgement and Estimates

The details of the Company's accounting policies are presented in Note 2 of the condensed interim financial statements ended September 30, 2019. The accounting policies applied in preparation of the condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the period ended March 31, 2019.

Risks and Uncertainties

The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to generate earnings or pay dividends in the immediate or foreseeable future. The Company was only recently incorporated and does not own any ongoing business operations, and has no assets other than cash. The Company has not identified a proposed Qualifying Transaction and has not entered into an Agreement in Principle. There is no assurance that the Company will identify and successfully negotiate the acquisition of any potential corporations, properties, assets or businesses, or any interests therein, nor that any such opportunities or businesses acquired will be profitable. Moreover, additional funds may be required to successfully complete an acquisition, and the Company may not be able to obtain such financing or may not be able to raise sufficient funds to take a meaningful position in a potential target. If the acquisition is financed by the issuance of shares from the Company's treasury, control of the Company may change and shareholders may suffer additional dilution. The directors and the officers of the Company will only be devoting a portion of their time to the affairs of the Company. Potential conflicts of interest may result from the ordinary course of business of the Company and of the directors and the officers of the Company.

The TSX-V may suspend from trading or delist the common shares where the Company has failed to complete a Qualifying Transaction within 24 months of the date of listing. The Company may be issued an interim cease trade order if the common shares are suspended delisted from trading on the TSX-V. In addition, delisting of the common shares will result in the cancellation of all of the currently issued and outstanding common shares held by insiders that are discount seed shares within the meaning of the CPC Policy.

Outlook

The Company's current objectives are to identify and evaluate assets or a business to acquire which will serve as its Qualifying Transaction subject to shareholder and regulatory approval.

Corporate Governance

The Company's Board of Directors follows recommended corporate governance guidelines for public **co**mpanies to ensure transparency and accountability to shareholders. The Audit Committee of the Company fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited annual financial statements prior to their submission to the Board of Directors for approval. The Audit Committee, comprised of three directors, all of whom are independent, meets with management of the Company on a quarterly basis to review the financial statements, including the MD&A, and to discuss other financial, operating and internal control matters as required.

Forward-Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These forward-looking statements include statements regarding the future price of gold, the timing and amount of estimated future production, costs of production, capital expenditures, the success of exploration activities, permitting time lines, currency fluctuations, the requirements of future capital, drill results and the estimation of mineral resources and reserves. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained into this report should not be unduly relied upon. These statements speak only as of the date of this report. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the supply and demand for, deliveries of, and the level and volatility of prices of gold as well as petroleum products;
- the availability of financing for the Company's development of the Project on reasonable terms;
- the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the ability to attract and retain skilled staff;

These forward-looking statements involve risks and uncertainties relating to, among other things, changes in commodity and, particularly, gold prices, access to skilled mining development personnel, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, actual performance of facilities, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors hereinabove. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.