

## MANAGEMENT'S DISCUSSION & ANALYSIS

### OF FINANCIAL AND OPERATING RESULTS (In Canadian dollars)

The following discussion and analysis is the responsibility of management. The Board of Directors carries out its responsibility for review of the disclosure principally through its Audit Committee, comprised exclusively of independent directors. The Audit Committee reviews this disclosure and recommends its approval by the Board of Directors. The management's discussion and analysis (MD&A) is prepared to conform to National Instrument 51-102F1 and has been approved by the Board of Directors. This MD&A should be read in conjunction with Black Bull Resources Inc.'s ("Black Bull" or the "Company") unaudited condensed interim financial statements for the period ended December 31, 2018, and audited financial statements for year ended September 30, 2018, together with the accompanying notes.

This MD&A is prepared as of May 22, 2019.

#### **Forward Looking Statements**

Certain statements contained in the report constitute forward-looking statements. When used in this document the words "anticipate", "believe", "estimate", "expect", "plan", "future", "intend", "may", "will", "should", "predicts", "potential", "continue", and similar expressions, as they relate to Black Bull or its management, are intended to identify forward-looking statements. Such statements reflect current views of Black Bull with respect to future events and are subject to certain known and unknown risks, uncertainties and assumptions. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Factors that could cause actual results or events to differ materially from current expectations include, among other things, changes in mineral prices, fluctuations in currency exchange rates, uncertainties relating to the availability and costs of financing needed in the future, the capital and operating costs varying significantly from estimates, delays in the development of projects, as well as those risk factors discussed or referred to herein, including those set forth under the heading "Risks and Uncertainties". Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. Unless required by law, the Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements.

#### **Overall Performance**

The focus for Black Bull in Q1 2019 was to continue to reduce its cash burn, and seek strategic options including completing the Proposed Change of Business.

The long-term future of Black Bull is dependent upon maintaining control of its mineral resources until the mineral markets improve. However, there can be no assurances that the steps management is taking will be successful.

### Summary of Quarterly Results and Results of Operations

Quarterly Results	2019	2018				2017		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	\$	\$	\$	\$	\$	\$	\$	\$
Income:								
Misc. revenue								
Interest (expense) income	835	1,657	234	717	717	718	708	708
Total Revenue	835	1,657	234	717	717	718	708	708
Costs:								
Operations and overhead	5,029	8,099	9,210	8,293	8,312	26,813	5,949	5,949
Sales & marketing	140	29	176	75	140	50	125	125
General & admin.	16,087	18,260	16,474	32,088	11,928	18,395	32,622	26,229
Amort./depletion	49	49	49	50	50	281	-	-
Impairment					-	-		-
Interest on Demand loans					-	32,622		
Total Costs	21,305	26,437	25,909	40,505	20,430	78,161	38,696	32,303
Loss	(20,470)	(24,780)	(25,675)	(39,788)	(19,713)	(77,443)	(37,988)	(31,595)
Other Items								
Accretion	1,199	1,198	1,199	1,198	1,198	1,197	1,199	1,199
Net loss	(21,669)	(25,978)	(26,874)	(40,986)	(20,911)	(78,640)	(39,187)	(32,794)
Net loss per share (basic & diluted)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.02)	(0.01)	(0.01)
Operating Cash	2019	2018				2017		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	\$	\$	\$	\$	\$	\$	\$	\$
Net loss	(21,669)	(25,978)	(26,874)	(40,986)	(20,911)	(78,640)	(39,187)	(32,794)
Non-cash								
operating items	1,248	1,246	1,248	1,248	1,249	34,100	1,199	1,199
Net cash loss								
from operations	(20,421)	(24,732)	(25,626)	(39,738)	(19,662)	(44,540)	(37,988)	(31,595)

During Q1 2019, there was no income other than interest income of \$835 (Q1 2018 \$717) earned on reclamation funds and similar to the same period in the previous year. Operations and overhead cost of \$5,029 (Q1 2018 - \$8,312) is comprised of property leases of \$4,000 (Q1 2018 - \$4,000), property tax allocation \$1,029 (Q1 2018 - \$1,050), costs related to environmental monitoring \$nil (Q1 2018 - \$2,800), and miscellaneous of \$nil (Q1 2018 - \$462). Compared to Q4

2018, operations and overhead cost of \$8,099 comprised of property leases of \$4,000, property tax allocations \$1,029, and a miscellaneous expense of \$370.

In Q1 2019 marketing costs were \$140 (Q1 2018 - \$140) is related to consultant telephone and web hosting.

<b>General &amp; Administrative Costs</b>	<b>Q1 2019</b>	<b>Q1 2018</b>
	\$	\$
Accounting & Legal Fees	6,485	5,000
Investor Relations	5,309	3,500
Office, Rent & Telephone	1,728	1087
Consulting Fees	2,200	2,025
Bank and Finance fees	365	316
	16,087	11,928

In Q1 2019, General and Administration cost were \$16,087 (Q1 2018 - \$11,928). In Q1 2019 cost related to legal and accounting \$6,485 (Q1 2018 - \$5,000), Investor relations \$5,309 (Q1 - 2018 - \$3,500) The company continues to aim to complete the change of Business Transaction. Other General and Administration were similar to Q1 2018 and Q4 2018.

Amortization costs were \$49 (Q1 2018 \$50).

In Q1 2019 other item consisted of reclamation accretion of \$1,199 (Q1 2018 - \$1,198)

During the first quarter of 2019, the Company reported a net loss of \$21,699 compared to a net loss of \$20,911 in Q1 2018 or \$0.01 per share versus \$0.01 in Q1 2018. The Company recorded \$1,248 (\$1,249 in Q1 2018) in non-cash operating items in Q1 2019, resulting in net cash loss from operations of \$20,421 compared to a net cash loss from operation of \$19,662 in Q1 2018.

### **Liquidity**

As at December 31, 2018, Black Bull had negative working capital of \$476,620 (current assets of \$331,786 less current liabilities of \$808,406). On September 30, 2018 the Company had negative working capital of \$455,000.

The estimated cash requirement for the next twelve months is estimated to be \$100,000. The Company plans to meet its financial shortfall through raising new funds through convertible debt, and through further reductions through costs controlling costs. The existing lender, David Wood (Zenith Appraisal & Land Consulting Ltd.) has indicated a willingness to provide the necessary working capital to the company pending the completion of the Proposed Change of Business.

## Capital Resources

The Company will continue to incur significant operating losses. In response the Company implemented a plan to significantly reduce the Company's working capital requirements. The Company intends to continue with "care and maintenance", which allows the Company to operate into 2019 with minimal operational obligations.

To meet ongoing obligations the company intends to secure non-interest-bearing demand loans, while the Company pursues the proposed change of business.

## Proposed Change of Business

On September 21, 2017, the Company announced it has entered into an asset purchase agreement with a group of investment and business professionals to affect an arm's length "Change of Business" transaction (as defined in Policy 5.2 of the TSX Venture Exchange). The transaction, which is subject to regulatory and final closing conditions, will see the Company transition from a resource issuer to an investment issuer within the meaning of such terms in the policies of the TSX Venture Exchange.

## Transactions with Related Parties

Included in accounts payable and demand loans are amounts 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.

<b>Demand Loans</b>		
	<b>Dec 31 2018</b>	Sept 30 2018
David Wood (Zenith Appraisal al & Land Consulting Ltd.)	<b>\$366,024</b>	\$351,024

In addition to the demand loans indicated above David Wood (Zenith Appraisal al & Land Consulting Ltd.) advanced funds on January 22, 2018 under a promissory note in the amounts of \$18,460. The loan is non-interest bearing due on demand or shall be converted to shares of Black Bull Resources Inc. at a price to be determined.

Included in accounts payable are amounts 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

	Period ending	Period ending
	December 31 2018	September 30, 2018
Martin MacKinnon CFO	Nil	\$775

For the periods ending December 31, 2018 and December 31, 2017 the following is a summary of related party expenditures not disclosed elsewhere in these financial statements. Consulting fees directly related to administrative fees were charged by companies controlled by a director and senior officer.

Period Ending		
Period ending	Dec 31 2018	Dec 31, 2017
<b>Martin MacKinnon CFO</b>	<b>\$ 2,200</b>	\$ 2,025

Stock-based compensation expense for the directors and senior officers was \$ nil for the period ending December 31, 2018.

.

### Critical Accounting Estimates

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. These estimates are based upon management's historical experience and various other assumptions that are believed by management to be reasonable under the circumstances. Such assumptions and estimates are evaluated on an ongoing basis and form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Management believes the following critical accounting policies affect its more significant estimates and assumptions used in the preparation of its financial statements.

#### *Mineral properties and deferred costs*

The Company records its interest in mineral properties at cost. Resource exploration and development costs are capitalized on an individual area of interest basis until such time as an economic resource body is defined or the prospect is abandoned. Costs for a producing prospect are amortized on a units-of-production method based on the estimated life of the reserves, while costs for the prospects abandoned are written off.

Management of the Company reviews and evaluates the carrying value of each mineral property for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. When it is determined that a mineral property is impaired, it is written down to its estimated fair value.

Management's estimates of mineral prices, mineral resources, and operating, capital and reclamation costs are subject to certain risks and uncertainties that may affect the recoverability of deferred mineral property costs. Although management has made its best estimate of these

factors, it is possible that material changes could occur which may adversely affect management's estimate of the net cash flows expected to be generated from its properties.

The recoverability of amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to continue operations and to complete the development and upon future profitable production or proceeds from the disposition thereof.

#### *Property, Plant and Equipment*

Property, plant and equipment represent significant assets of the Company. Depreciation and amortization are recorded on either a declining-balance (DB) or straight-line (SL) basis. Management of the Company reviews and evaluates the carrying value of major assets for impairment each reporting period and when events or changes in circumstances indicate that the carrying amounts of the related asset may no longer represent their economic value.

#### *Other estimates*

The Company also makes estimates for doubtful accounts, income taxes, stock-based compensation and asset retirement obligations.

Management estimates the collectability of the Company's receivables based on historical experience, age of the receivables, the specific customers indebted to the Company and general market conditions. Based on these factors, management determines an appropriate amount to be provided as an allowance for doubtful accounts.

In the calculation of income taxes, management will recognize a future income tax asset for all deductible temporary differences, unused tax losses and income tax reductions, and then review the asset to estimate whether a portion or all of it will be realized. The future income tax valuation allowance is estimated to be sufficient to reduce the asset to the amount that is more likely than not to be realized.

The Company records compensation expense for stock options using the fair value method. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. To apply this application assumptions are made regarding the following factors; risk free interest rate, stock volatility, expected life and expected dividend yield. Management determines these factors based on current market conditions and other information available on the date of the grant.

The Company also uses estimates in recognizing the liability associated with an asset retirement obligation ("ARO") in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a straight-line basis over the estimated life of the asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO

can also increase or decrease due to changes in the estimates or timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded.

### Other MD&A Disclosures

For the period ending December 31, 2018, no options were granted and no (December 31, 2017 – nil) options expired.

<b>Outstanding Securities</b>	<b>Period Ending December 31, 2018</b>	<b>Period ending May 22, 2019</b>
Common Shares	3,552,287	3,552,287
Options - (Exercisable to one Common Share)	nil	nil
Total Outstanding Securities	3,552,287	3,552,287

### Risks and Uncertainties

Mineral exploration and development involve a high degree of risk since few properties are developed into producing mines. There are no assurances that the Company's mineral exploration activities will result in further resources that would be economical for commercial production. The commercial viability of mineral deposits is dependent upon several factors beyond the Company's control. Some of these factors are attributable to commodity or product pricing and demand, competitive products, currency fluctuations, government policy and regulation, transportation, and environmental protection.

Resource estimates involve degrees of uncertainty in calculation of reserves and the corresponding grades. Resource estimates are dependent partially on statistical inferences drawn from drilling, sampling, and other data. The indicated and inferred resource figures set forth by the Company are estimates, and there is no certainty that the level of resources will be realized, or the chemical composition or concentration of the resources will be maintained throughout the property. In addition, a decline in the market price of industrial minerals, or a substantial increase in production or shipping costs, may adversely affect the economics of a reserve and may require the Company to reduce its estimates.

Transportation is a critical part of the Company's success. It is imperative that Black Bull provide cost-effective transportation solutions to customers.

Like many Canadian companies many do business in the USA, Black Bull is affected by fluctuations in currency exchange rates. Most of the Company's sales, including freight charges, will be denominated in US dollars. The Company has some natural hedges with US dollar-based expenses; however, there will be instances when there is exposure to exchange risks. These risks are considered when management sets product pricing and makes hedging decisions.

Maintaining sufficient cash resources to finance a start-up operation is difficult. Debt financing is usually based on positive cash flows and a significant customer base. Many junior resource companies experience difficulties obtaining debt financing and must rely on other sources such as market equity, mezzanine financing, and/or government programs.

Black Bull's ability to continue as a going concern, and the recoverability of its mineral properties, is dependent on improvement in mineral prices, improvement in sales volumes, and its ability to fund future development programs, and to manage and generate positive cash flows from operations in the future. The Company's financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary should the going concern assumption be inappropriate, and these adjustments could be material.

The Company has assessed whether the amounts recorded for mineral claims and deferred costs have suffered any impairment by considering resource estimates, future processing capacity, anticipated sales, and the longer-term price estimates for minerals. Management's estimates of these factors are subject to risk and uncertainties, affecting the recoverability of the recorded amounts for mineral claims and deferred costs. Any changes to these estimates may result in the recognition of an impairment charge with a corresponding reduction in the carrying value of such assets.

### **Subsequent Events**

- 1) On February 4, 2019, the Company entered into an option agreement with Infrastructure Commodities Limited ("ICML"), a related party by virtue of a common officer and director. Under the terms of the agreement, the Company granted ICML the sole and exclusive right and option to explore and mine the Company's White Rock property located in Yarmouth County, Nova Scotia. In consideration of the grant of the option, ICML will pay to the Company 50% of the net after tax profits from the sale of quartz, kaolin and mica products mined at the property.

The agreement is subject to several conditions to closing as follows:

- Within 1 month of the option grant date, and no later than Feb 28, 2019, ICML must prepare a paper describing the anticipated exploitation prospects to facilitate the preparation of a bankable report;
- Within 3 months of the option grant date, and not later than May 28, 2019, ICML must:
  - a) Research and prepare a review of the applicable quartz market for use in preparing a plan for exploiting the quartz prospects on the property;
  - b) Prepare a report on options to pre-treat feedstock prior to delivery to high value clients;
  - c) Preview potential offtake partners in the USA, Canada, EU and Asia for higher-end market opportunities;



- d) Preview potential exploitation partners; and
- e) Preview prospects for beneficiation technology located in Nova Scotia.
  - Within 4 months of the option grant date, and not later than June 28, 2019, ICML must:
    - a) Outline the prospective project value and return to investors in a pre-bankable report; and
    - b) Prepare an outline of a budget for completion of due diligence and a bankable report on the exploitation of the quartz, kaolin and mica assets on the property.
  - Within 5 months of the option grant date, and not later than July 28, 2019, ICML must be prepared to review project possibilities with the Company for the way forward for exploitation of the property for quartz, kaolin and mica production and sale of aforesaid.
- 2) On January 22, 2019, a related party advanced funds under a promissory note in the amount of \$18,460. The loan is non-interest bearing on demand or shall be converted to shares of Black Bull Resources Inc. at a price to be determined.
- 3) On March 2019, the Company completed the issuance of 7,982,000 Common Shares and 49,680 Series A Preferred Shares for gross proceeds of \$1,295,000. In April 2019, the Company completed the issuance of 130,499 Series A Preferred Shares for gross proceeds of \$1,304,990.
- 4) The Company has used a portion of the Private Placement proceeds to make investments of \$500,000 in Previcare Corp. and \$250,000 in Foamtech North America Ltd.

### **Additional Information**

Additional information about the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and at the Company's website at [www.blackbullresources.com](http://www.blackbullresources.com).