



**GRID METALS CORP. (formerly Mustang Minerals Corp.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the September 30, 2018 consolidated financial statements of Grid Metals Corp. (formerly Mustang Minerals Corp.) ("Grid" or the "Company"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address future exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Additional information can be found on SEDAR, www.sedar.com. All amounts are in Canadian dollars, unless otherwise noted.

1. DATE

The date of this MD&A is November 21, 2018.

2. Overview

Significant activity has occurred at Grid during the nine months ended September 30, 2018. The management team has been taking action, and pursuing opportunities, to add value to the Company's electric vehicle market resource base as follows:

1. A Lithium Rare Metals Property was acquired from Tantalum Mining Corporation of Canada Ltd and a drilling program was completed on the property. Geological mapping and reconnaissance sampling were also completed on the property.
2. An EM survey at the Makwa Nickel property, targeting new areas of high-grade nickel copper cobalt platinum group metals mineralization was completed.
3. Grid initiated a metallurgical test program focused on improving nickel recoveries at its Mayville Property. The program will also focus on the potential for cobalt recovery from Mayville.
4. The Company completed significant due diligence on a district scale cobalt-copper property near Atikokan Ontario. Ultimately after review of additional information during the formal due diligence process the Company elected not to proceed with the proposed option and exploration agreement.

Exploration Highlights

During the third quarter of 2018 the Company completed additional work on the Mayville Lithium Property. The Company initiated mineralogical work as a first step towards determining the potential for high purity spodumene concentrate to be produced from the Main Dyke. Field work was completed on the property located on the Northwest Dyke which is a known historical occurrence. Samples were taken from a historic pit and submitted for analysis with results pending.

The Company also continued a review of its drill core with the goal of identifying possible zones of chromite and vanadium mineralization. A total of 75 samples were submitted for analysis with results pending.

Name Change

Pursuant to a shareholders resolution approved March 9, 2018, on June 8, 2018 the Company announced that it had changed its name to Grid Metals Corp. ("Grid") from Mustang Minerals Corp. Grid began trading on the TSX Venture Exchange under the symbol GRDM effective June 8, 2018. The Company wished to reflect its focus on metals increasingly identified with the electric vehicle market and is of the view that changing the name of the Company to Grid Metals Corp. better reflects that focus.

Key Projects

The key projects of the Company located in Manitoba are the Makwa Mayville Nickel Copper Cobalt PGE Project and the Mayville Lithium Rare Metals Property acquired from Tantalum Mining Corporation of

Both Manitoba projects are located in the Bird River Sill in southeastern Manitoba. Results of a National Instrument 43-101 Preliminary Economic Analysis (“PEA”) combining the Makwa and Mayville Deposits were announced May 26, 2014. Nickel, copper, cobalt and PGMs, contained in the Project, are key metals in the manufacture of battery technology for electric vehicles. The Company is uniquely positioned to benefit from the continuing global trend towards usage of metals in electric vehicle battery technology.

Makwa Mayville Project PEA Overview

On April 8, 2014, the Company announced the highlights of a National Instrument 43-101 compliant Preliminary Economic Assessment (the “PEA”) of the Mayville-Makwa Project (the “Project”). The Technical Report on the Preliminary Economic Assessment of the Combined Mayville-Makwa Project, Manitoba Canada (“Technical Report”) is dated April 30, 2014 and is filed online at Sedar.com. Grid retained RPA Inc. as the independent third party to complete the PEA. Other activities included a geophysical review of the Mayville Deposit focusing on the depth potential of the deposit.

The PEA examined a proposed mining operation where ore is processed from two open pit resources (Makwa and Mayville) with metal recovery at a central mill located at the Mayville site. The mining operation outlined is a conventional truck and shovel operation with metal recovery by conventional flotation concentration. Proposed total mine life is 14 years with an average mining daily rate of 8,200 tonnes per day of mineralized material. Average annual production from the Project is 3,600 tonnes of nickel in concentrate, 8,700 tonnes of copper in concentrate and 9,800 combined ounces of platinum and palladium. The concentrator location is proposed to be at the Mayville site and Makwa material will be trucked to the Mayville concentrator, a distance of 43 kilometres. The Makwa deposit is a nickel dominant deposit with lesser contributions of copper, palladium and cobalt. The Mayville deposit is a copper dominant deposit with lesser contributions of nickel and palladium. Metallurgical testing has demonstrated that the deposits are amenable to flotation concentration. The PEA noted further optimization of the project could be achieved with additional work including trade-off studies, metallurgical process enhancement and additional drilling.

Project Economics

The distribution of gross revenue for the project by metal is 44.3% nickel and 46.8% copper, 5.0% palladium, 1.8% platinum, 1.4% gold, and 0.3% cobalt. Using the base case metal price assumptions of US\$8.50 lb nickel and US\$3.40 lb copper the project achieves payback of capital after 3.5 years.

The following table outlines a base case analysis based on the assumptions set out in the PEA.

Description	Base Case
Nickel US\$ (lb)	\$8.50
Copper US\$ (lb)	\$3.40
Palladium US\$ (oz)	\$800
C\$/US\$ Exchange Rate	\$0.90
Operating Cash flow (millions)	C\$637
Capex (millions)	C\$300
Pre-tax NPV at 7.5% (millions)	C\$109
Pre-tax IRR	17%
After tax NPV at 7.5% (millions)	C\$97
After tax IRR	16%

The PEA is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty the PEA will be realized.

Project Mineral Resource Estimates

The potential economic viability of the Makwa and Mayville deposits was evaluated using measured, indicated and inferred mineral resources. RPA updated the mineral resources for both deposits. The Makwa

mineral resource was prepared using drilling data current to October 14, 2009 and for Mayville the mineral resource estimate used drill-hole data as of November 27, 2013. The NSR cut-off value used for Mayville was C\$15/t and for Makwa was C\$20.64/t. The portion of the measured mineral resources, indicated mineral resources and inferred mineral resources used for evaluation in the PEA is shown in the table that follows.

MINERAL RESOURCE SUMMARY AS OF NOVEMBER 27, 2013
Grid Metals Corp. (formerly Mustang Minerals Corp.) – Makwa-Mayville Project

Class and Deposit	Tonnes (Mt)	Ni (%)	Cu (%)	Pt (g/t)	Pd (g/t)	Au (g/t)	Co (%)
Indicated							
Makwa	7.2	0.61	0.13	0.10	0.36	N/A	0.01
Mayville	26.6	0.18	0.44	0.05	0.14	0.05	N/A
Total Indicated	33.8	0.27	0.37	0.06	0.19	N/A	N/A
Inferred							
Makwa	0.7	0.27	0.08	0.05	0.14	N/A	0.02
Mayville	5.2	0.19	0.48	0.06	0.15	0.04	N/A
Total Inferred	5.8	0.19	0.43	0.06	0.15	N/A	N/A

Notes:

1. CIM Definition Standards have been followed for classification of Mineral Resources
2. Mineral Resources are reported at a net smelter return (NSR) cut-off value of C\$15/tonne at Mayville and C\$20.64/tonne at Makwa
3. At Mayville, NSR values are calculated in C\$ using factors of \$51 per % Cu and \$41 per % Ni. These factors are based on metal prices of US\$3.40/lb Cu and US\$8.50/lb Ni, estimated recoveries and smelter terms, and a US\$/C\$ exchange rate of 0.97.
4. The Makwa Mineral Resources are estimated using metal prices of US\$3.40/lb Cu and US\$8.50/lb Ni, estimated recoveries and smelter terms, and a US\$/C\$ exchange rate of 0.97. The NSR factors used: \$87.33 per % Ni, \$29.65 per % Cu, \$38.25 per % Co, \$0.14 per g/t Pt and 0.08 per g/t Pd.
5. Totals may not add correctly due to rounding.
6. Mineral Resource that are not Mineral Reserves do not have demonstrated economic viability.

Project Parameters

The PEA outlined the scope for the project and a summary of the key operating and cost parameters of the project are as follows:

- The project was evaluated as owner operated.
- Net smelter return revenue of C\$1.739 billion is from sale of copper and nickel concentrates.
- Average net smelter return per tonne is C\$45.
- Initial capital cost of the project is C\$209 million (including contingency) to build the mine, site infrastructure, sulfide flotation plant and purchase of new mining equipment to achieve commercial production. Total capital cost including sustaining is C\$301million. (the PEA did not account for use of mill equipment currently owned by Grid)
- Operating costs include open pit mining costs of \$2.00 per tonne and concentrator operator costs of \$10.50/t.
- Metallurgical recoveries used in the study for Makwa were 73% for nickel and 80% for copper. For Mayville the nickel recovery used was 40% for nickel and 90% for copper.
- RPA selected indicative terms for concentrate payment and charges typical for the current market.
- The project has operating cash flow of C\$637 million. Pre-tax cash flow was \$336 million and the Net Present Value (7.5%) was C\$109 million with a 17% Internal Rate of Return. After tax Net Present Value (7.5%) of the project was C\$97 million.

RPA concluded that the geological interpretation and modeling were appropriate for the current level of study and that the exploration work met industry standard practices.

Recommendations

RPA made the recommendation that Grid continue to evaluate the technical and economic viability of the project. In order to advance the project additional drilling, trade off studies, environmental studies, geotechnical work and metallurgical test work are required.

A metallurgical program aimed at increasing the nickel recoveries and evaluating the potential for cobalt from the Mayville Property has been commenced.

Environmental Issues - Permitting and Community Impact

The PEA reviewed the environmental and social aspects of the project. The PEA noted that Grid currently has a Memorandum of Understanding (MOU) with the Sagkeeng First Nation. Grid consults with Sagkeeng on a regular basis regarding exploration permits for the project.

At the Makwa site, Grid completed environmental work for the Makwa deposit in 2008. An environmental scoping study was completed for the Mayville area in 2009.

Permitting and mine closure were addressed in the PEA on a scoping study level. The Environmental Act Licence is the primary enabling approval document that is required from the Province of Manitoba before the project can be constructed. Environmental licensing is handled through the “one-window” process managed by Manitoba Conservation. The project would be a Class 2 development which will require a full environmental impact statement (EIS) to be submitted along with the license application. A mine closure plan will have to be prepared including an independent estimate of closure costs which will form the basis for the required financial assurance.

Qualified persons

The Qualified Persons involved in the preparation of the report are:

Reno Pressacco, M.Sc(A), P.Geo. RPA Inc.

David Ross, M.Sc., P. Geo. RPA Inc.

Hugo Miranda, MBA, C.P. RPA Inc.

Holger Krutzelmann, P.Eng. RPA Inc.

Stuart E. Collins, P.E. RPA Inc.

This Technical Report conforms to the CIM Mineral Resource and Mineral Reserves definitions referred to in National Instrument (NI) 43-101, Standards of Disclosure for Mineral Projects.

Exploration

The Company has a large exploration mineral rights portfolio on both the north and south limbs of the Bird River Greenstone Belt, an area that has seen historical and current production for nickel copper lithium tantalum and cesium. An operating rare metals mine producing cesium formate (the Tanco Mine) is currently in operation. The location of this project is close to the City of Winnipeg, and a regional centre Lac du Bonnet, with the attendant infrastructure. The Company views the area as highly prospective for multiple commodities within an excellent mining jurisdiction near infrastructure in a “southern Canada” environment.

During 2017 the Company had a limited exploration program as it was conserving cash. It did undertake a limited review of existing drill core from the Mayville and Makwa properties and assayed for chromite. Results from three drill holes were announced. Notably, the values from Mayville drill hole May11-07 assays were the highest recorded over a five meter width of any historical chromite intercept in the Bird River Greenstone Belt. The Company then completed follow up analysis from several additional drill holes at Mayville. Further mineralogical work on chromite samples is required to assess the potential for creating a saleable chromite concentrate for shipment offshore.

Mayville Lithium Project

The Main Dyke is one of four known pegmatite dykes on the Mayville Lithium Property. The Property has a total historical resource of 3.8 million tons grading 1.28% Li₂O₁ from the Main Dyke and the Northwest Dyke (note the resource is historical in nature and cannot be relied on until verified by an independent qualified person). The pegmatite dykes are located at or near the lithological contact between the Maskwa Lake Batholith and mafic volcanic rocks. This favourable contact horizon has been mapped for approximately 10 kilometers along strike of the Mayville Lithium Property. The four known pegmatites are located in an area approximately 1500 m by 1500 m just south of Grid's Mayville Copper-Nickel deposit.

During Q2 2018 the Company announced initial results from the winter 2018 drill program that targeted the Main Dyke pegmatite at the Mayville Lithium Project. The first three of eleven holes testing the pegmatite dyke intersected high grade lithium and significant tantalum values. The objective of the initial phase of drilling is to test the potential for a high grade, high purity lithium and rare metals bearing LCT pegmatite dyke. In Q3 fieldwork including geological mapping and sampling were completed on the property. Samples have been submitted for analysis.

Highlights from the initial three holes of the drill program are as follows:

- Drill core assays returned Li₂O values in excess of 1.5% over the width of the dyke with visual spodumene blades in each of the three holes.
- The iron content and other level of impurities were low
- Significant rare metals were encountered including tantalum
- The three holes were drilled over a strike length of 195 meters

For further details of the drill results see the Company's June 18, 2018 press release on SEDAR.

In total eleven holes have been completed by the Company to test a strike length of approximately 775 metres. Results from the final 8 holes drilled are pending. The drilling occurred in the area of the 1950's historical drilling which defined the historical mineral resource but did not test for rare metals. The Main Dyke remains open to the south and at depth.

The exploration objective is to explore for a high value per tonne spodumene pegmatite by virtue of its lithium grade, rare metal by-products and purity.

Exploration and Development Expenditures

For the three months ended September 30, 2018				
\$				
	Makwa	Mayville	Mayville lithium	Total
Geophysical	-	-	-	-
Geological	7,314	23,089	-	30,403
Drilling	-	-	-	-
Total	7,314	23,089	-	30,403

For the nine months ended September 30, 2018				
\$				
	Makwa	Mayville	Mayville lithium	Total
Geophysical	281,107	-	-	281,107
Geological	7,314.43	42,849	-	50,164
Drilling	-	-	225,660	225,660
Total	288,422	42,849	225,660	556,932

3. SELECTED ANNUAL INFORMATION

Selected audited annual information for the three most recently completed years, all reported under IFRS, are as follows:

Years ended December 31,	2017	2016	2015
	\$	\$	\$
Net loss before provision for income taxes	(496,516)	(287,774)	(3,241,251)
Net loss after provision for income taxes	(33,516)	(287,774)	(2,601,251)
Basic and diluted loss per share	(0.00)	(0.01)	(0.10)
Total assets	30,384,979	27,760,997	28,027,483

4. RESULTS OF OPERATIONS

Overview

The following table provides selected financial information that should be read in conjunction with the consolidated financial statements of the Company for the periods ended September 30, 2018 and 2017.

	For the three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Operating expenses	(388,379)	(36,747)	(978,253)	(138,112)
Net loss	(388,379)	(36,747)	(965,462)	(138,112)
Net loss per share	(0.01)	(0.00)	(0.02)	(0.01)
Mining interests	27,457,295	26,894,011	27,457,295	26,894,011
Total assets	29,466,002	27,615,202	29,466,002	27,615,202

Revenues

None of the Company's properties have advanced to the point where a production decision can be made. As a consequence, the Company has no producing properties and no sales or revenues. From time to time the Company will earn interest from funds on deposit and other income.

The major expense items for the periods ended September 30, 2018 and 2017 are summarized as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	\$		\$	
	2018	2017	2018	2017
Office, general and administrative	70,461	15,504	220,904	42,546
Management and directors fees	64,750	28,500	194,249	98,518
Professional fees	75,911	273	253,209	3,827
Gain on disposition of mining interests	-	(10,000)	-	(35,000)
Public company costs	13,195	2,295	47,223	27,696
Property due diligence costs	163,933	-	262,281	-
Other	129	175	387	525
	388,379	36,747	978,253	138,112

Mining assets

Significant Projects:

Manitoba

The Company's Makwa property position covers prospective terrain in the Bird River Greenstone Belt approximately 150 km northeast of Winnipeg, Manitoba. The Makwa Property, located near Lac du Bonnet, includes the former producing Makwa open pit nickel deposit and the Dumbarton Mine, both located on the south limb of the Bird River Greenstone Belt.

The chronology of activity at Makwa is as follows:

1. Grid acquired the mineral rights to the property covering the former open pit Makwa Ni-Cu deposit and the former producing Dumbarton Ni-Cu deposit in June 2004.
2. A National Instrument 43-101 compliant resource estimate was completed by Scott Wilson Roscoe Postle Associates Inc. in February 2005.
3. The resource estimate was updated in January 2007 by Micon International Limited ("Micon") as part of a Preliminary Economic Assessment ("PEA") of Makwa.
4. A revised resource estimate dated September 2007 was completed by Wardrop Engineering Inc.
5. In May 2008 Micon completed a pre-feasibility study based on the September 2007 resource estimate.
6. A new resource estimate was completed by Micon in October 2009.
7. In February/March 2010 Micon issued a revised reserve estimate and project cash flow model.
8. On April 8, 2014 the Company announced the results of a PEA that looked at a mining operation combining the Makwa property with the Mayville property. The PEA for the combined operation assumed that the processing facilities would be designed for and situated at Mayville and the mineralized material from Makwa would be trucked to Mayville.

Manitoba

Mayville Property

The Mayville Property consists of unpatented mining claims located approximately 35 km north of the Makwa Deposit. The 22 km long contiguous land position is accessible from gravel and dirt roads and locally by logging roads. The cumulative 89% interest in the mineral rights to the Mayville Property were acquired through:

- 1) The purchase by Grid of Falconbridge Limited's 72.6% interest in Maskwa Nickel Chrome Mines Limited (MNCM) completed in May 2005. MNCM owns a 40% interest in a venture covering the Mayville Property. The acquisition involved the payment of \$120,000 cash on closing and the issuance of 400,000 common shares of Grid. A non-interest bearing note of \$210,000 is also payable over five years to Falconbridge at the time commercial production is commenced from the Property.
- 2) The purchase by Grid of the remaining venture interest owned by Exploratus Inc. (a private company). The purchase price totaled \$500,000 and was payable in the form of \$90,000 cash paid on

closing, a note for \$165,000 due in 18 months from closing and 700,000 common shares subject to various hold and escrow periods. The purchase has been completed. Grid subsequently purchased the net smelter royalty from Exploratus for 600,000 common shares.

On February 20, 2013, the Company announced a new resource estimate. The indicated resource amounted to 24.3 million tonnes at 0.45% copper and 0.19% nickel (0.69% copper equivalent). Inferred resources amounted to 4.1 million tonnes at 0.45% copper and 0.18% nickel (0.68% copper equivalent). The updated resource estimate was reported at a \$20 NSR cut-off. The Company has completed a Preliminary Economic Assessment based on co-development of the Mayville and Makwa deposits.

Lithium Assets – (Mayville Lithium)

During 2017 the Company acquired the lithium and rare metal rights to a property adjacent to the Mayville Property from Tantalum Mining Corporation of Canada. The Company had previously acquired the base and precious metal rights via an option agreement signed in 2010. The property is subject to a 2% NSR and Tantalum Corporation of Canada has the right to acquire at commercial terms any lithium or rare metals products produced from the property.

Ontario

Other Mineral Interests

The Company controls the mineral rights to unpatented mining claims in Ontario referred to as the East Bull Lake Property and the Bannockburn Nickel Project.

5. SUMMARY OF QUARTERLY RESULTS

Selected financial information for the last 8 fiscal quarters:

	2018 Q3	2018 Q2	2018 Q1	2017 Q4
	\$	\$	\$	\$
(a) Net Income (loss)	(388,379)	(331,930)	(245,152)	(33,516)
(b) Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	0.00

	2017 Q3	2017 Q2	2017 Q1	2016 Q4
	\$	\$	\$	\$
(a) Net income (loss)	(36,747)	(60,736)	(40,629)	(16,422)
(b) Basic and diluted loss per share	0.00	0.00	0.00	0.00

Comments on quarterly results

2018 – Q3

Results from the quarter vs Q3 2017 resulted in a loss of \$388,379 vs a loss of \$36,379 for the 2017 period. The corresponding period for 2017 was one of extremely limited corporate activity. For the 2018 Q3 costs associated with the acquisition and evaluation of the Atikokan Property during the quarter were \$163, 933 (2017 – Nil). The Company also incurred business and IT services costs of \$10,834 (2017- Nil); advisory services fees of \$53,333 (2017- Nil); return to normal fees paid to senior management \$64,750 (2017 - \$28,500) as well as general and administrative costs of \$70,461 (2017 - \$15,504).

2018 – Q2

The higher expenses Q2 – 2018 vs Q2 - 2017 are primarily explained by the following: The Company recorded advisory services fees of \$53,333 (2017 – Nil); advertising costs \$40,000 (2017 – Nil); return to normal fees paid to senior management \$64,750 (2017 - \$31,104) as well as general and administrative \$66,733 (2017 - \$13,304); costs associated with the acquisition and evaluation of the Atikokan Property during the quarter were \$98,348 (2017 – Nil).

2018 – Q1

The higher expenses Q1 – 2018 vs Q1 - 2017 are primarily explained by the following: The Company recorded advisory services fees of \$53,333 (2017 – Nil); advertising costs \$40,000 (2017 – Nil); return to normal fees paid to senior management \$55,749 (2017 - \$28,500); the re-instatement of director's fees

\$9,000 (2017 – Nil); legal fees \$28,434 (2017 - \$1,392) and general and administrative \$83,710 (2017 - \$13,738).

2017 – Q4

During Q4 2017 the Company recorded; stock based compensation expense in the amount of \$534,435 as a result of the issuance of stock options (2016 – nil); impairment of capital assets \$201,000 as a result of the impairment of miscellaneous mill equipment still owned by the Company (2016 – Nil); shareholder indemnification recovery of \$533,913 as a result of the settlement process of the CRA re-assessment Of the Company’s flow-through share obligations. The \$533,913 represents a reduction of the future expected payout relating to these obligations (2016 – nil); management and directors fees \$66,649 (2016 – a recovery of \$9,000); a deferred income tax recovery of \$463,000 (2016 – Nil).

6. LIQUIDITY

The Company has no significant revenues and no expectation of significant revenues in the near term. The cash position of the Company is reduced as exploration and overhead expenses are incurred.

The Company has working capital at September 30, 2018 of \$1,552,839 (December 31, 2017 – \$3,054,255).

7. CAPITAL RESOURCES

During Q3 2018 there were no unusual factors that affected the Company’s capital resources.

8. OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 2018 and 2017, the Company did not have any off-balance sheet arrangements.

9. TRANSACTIONS WITH RELATED PARTIES

Director’s fees, professional fees and other compensation of directors and key management personnel were as follows for the period ended September 30:

	2018	2017
	\$	\$
Short-term compensation and benefits	194,247	85,500
Share-based payments (stock option grants)	-	-
Total key management compensation	194,247	85,500

As at September 30, 2018, accounts payable and accrued liabilities includes \$4,520 (2017 - \$123,748) owing to key management personnel.

Legal fees were charged by a legal firm during the period ended September 30, 2018, of which an officer of the Company is an employee, for legal and corporate secretarial services in the amount of \$84,222 (2017 - \$3,709). Accounts payable and accrued liabilities includes Nil (2017 - Nil) owing to the legal firm.

Amounts due to related parties included in accounts payable, are unsecured, non-interest bearing, and have no fixed terms of re-payment.

See also notes 8(a)b. and 8(a)c. to the Company’s September 30, 2018 consolidated financial statements.

10. EVENTS AFFECTING THE COMPANY’S FINANCIAL CONDITION

During Q3 2018 there were no unusual factors that affected the Company’s financial condition.

11. PROPOSED TRANSACTIONS

There are no proposed transactions other than normal ongoing activities.

12. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Capitalization of mining interest costs

Management has determined that exploration and evaluation costs incurred during the year have future economic benefits. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits.

Impairment of mining interests and capital assets

While assessing whether any indications of impairment exist for mining interest assets and capital assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, and economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of mining interest assets. Internal sources of information include the manner in which mining interest assets and capital assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates may include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining interests, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mining interests and capital assets.

Income taxes and recoverability of potential deferred tax assets

The Company is subject to income, value added, withholding and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable

income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting year.

Share-based payments

Management determines the valuation of share-based payments and warrants using market-based valuation techniques. The fair value of the market-based and performance-based share awards and warrants are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments may include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Mineral reserve estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

Commitments and contingencies

Refer to Notes 6 and 9 of the Company's September 30, 2018 consolidated financial statements.

13. RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after October 1, 2018. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity

shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

14. FINANCIAL INSTRUMENTS

The carrying amounts for cash, accounts receivable, marketable securities and accounts payable and accrued liabilities approximate their estimated fair value due to the short term nature of these financial instruments.

Cash and amounts receivable are classified as loans and receivables and are recorded at amortized cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Marketable securities are classified as available for sale financial assets and are measured at their fair value. Changes in fair value are included in other comprehensive income until the asset is removed from the statement of financial position or until impairment is assessed as other than temporary.

Accounts payable and accrued liabilities are classified as other financial liabilities and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

The Company's risk exposures and the impact on its financial investments, as summarized below, have not changed significantly during the period ended September 30, 2018.

Credit Risk

The Company's credit risk is primarily attributable to accounts receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to the financial instrument included in amounts receivable is remote.

Liquidity Risk

The Company's main source of liquidity is derived from its common stock issuances. As at September 30, 2018, the Company had current assets of \$2,007,042 (December 31, 2017 - \$3,482,564) to settle current liabilities of \$454,203 (December 31, 2017 - \$428,309). All of the Company's financial liabilities have contractual maturities that are subject to normal trade terms.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company monitors its cash balances and is satisfied with the creditworthiness of its banks. As a result, the Company's exposure to interest rate risk is minimal.

Market Risk

Foreign Currency Risk

The Company's functional and reporting currency is the Canadian dollar and all expenditures are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. As the Company's properties are in the exploration stage and to date do not contain any identified mineral resources or reserves, the Company does not hedge against commodity price risk.

Sensitivity Analysis

Management's view with respect to interest rate and foreign exchange risks is as follows:

- (i) The Company receives low interest rates on its cash and cash equivalent balances and, as such, the Company does not have significant interest rate risk.
- (ii) The Company does not have exposure to foreign exchange risk.

15. SUBSEQUENT EVENT

During the period ended September 30, 2018 the Company paid due diligence fees and incurred project expenditures totaling \$262,281, consisting of 200,000 shares valued at \$18,000 and cash of \$244,281, to evaluate additional mineral rights in an area controlled by an arm's length third party. Subsequent to September 30, 2018 due diligence was completed, and an evaluation of the mineral rights led to the decision not to commit to a definitive binding agreement. Since the Company was not committed to a definitive binding agreement for the additional mineral rights, the due diligence fees and project expenditures were expensed in the September 30, 2018 financial statements.

16. OTHER DISCLOSURES

Share Capital

Common Shares

As at September 30, 2018, and the date hereof, there were 42,316,610 common shares of the Company outstanding (December 31, 2017 – 42,034,264).

Warrants

At September 30, 2018 and the date hereof there were a total of 12,361,285 warrants outstanding (December 31, 2017 – 12,361,285).

Options

At September 30, 2018, and the date hereof, there were a total of 1,855,000 stock options outstanding (December 31, 2017 – 2,067,500).

Directors and officers of the Company

Robin E. Dunbar	President, Chief Executive Officer and Director
Nadim Wakeam	Corporate Secretary
Rodger Roden	Chief Financial Officer
Edward Munden	Director
Thomas Meredith	Director

Carey Galeschuk, P.Geo, is the Qualified Person for Grid Metals Corp. (formerly Mustang Minerals Corp.)

Additional Information

Additional information about the Company including the financial statements, press releases and other filings are available on the internet at www.sedar.com and additional supplemental information is available on the Company website at www.Gridminerals.com.