



**GRID METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020**

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the March 31, 2020 consolidated financial statements of Grid Metals 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 May 27, 2020.

2. OVERALL PERFORMANCE

Grid Metals Corp. is focused on mineral exploration and development of mineral properties in Manitoba and Ontario. Key properties are 1) the Makwa-Mayville Nickel Copper PGM Cobalt Project in Manitoba where a NI-43101 Preliminary Economic Assessment was completed in April 2014 and 2) the East Bull Lake Palladium Property in Ontario which is at the exploration stage. Currently the primary focus of the Company is exploration at East Bull targeting palladium dominant mineralization.

2020 First Quarter - Activities

East Bull Lake Palladium Property

Grid announced the appointment of Dr. Dave Peck as VP Exploration and Business Development on January 13, 2020. Dr. Peck has extensive career experience focused on magmatic nickel copper PGM deposits globally. His recent career position has been focused on palladium exploration and resource development while at North American Palladium Limited which operated the Lac des Isle palladium mine. North American Palladium was acquired by Impala Platinum Holdings in December 2020.

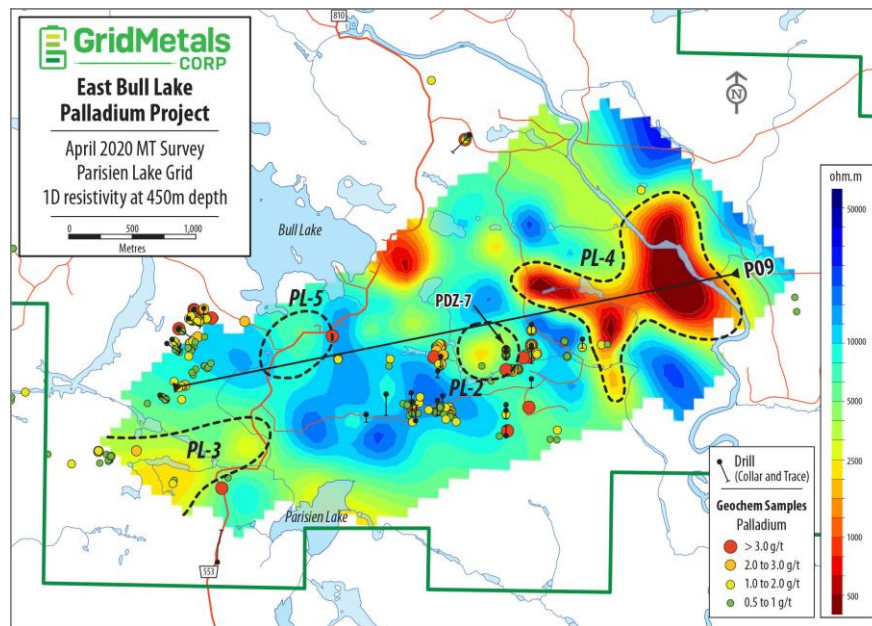
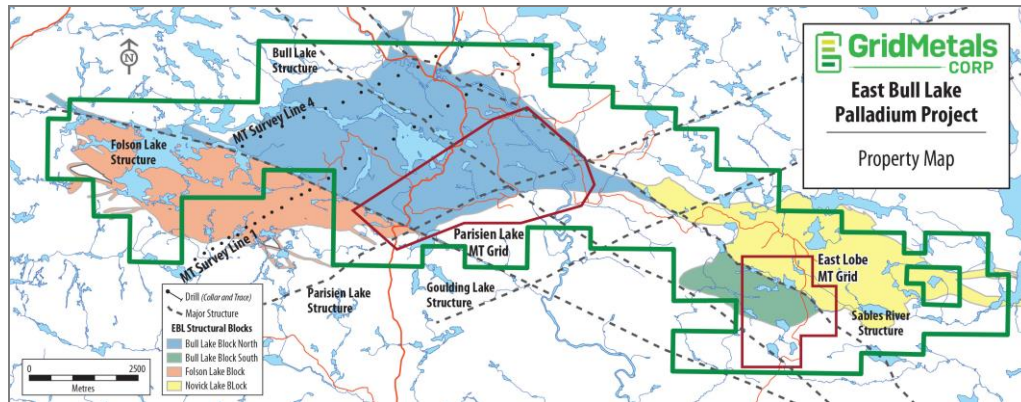
The East Bull Lake Palladium Property covers 80% of the ~22km x ~4 km layered East Bull Lake intrusion that hosts widespread disseminated palladium dominant mineralization. Previously most drilling at East Bull for palladium was focused along the south margin of the intrusion for near surface "contact style" mineralization. This drilling returned highly anomalous but sub-economic grades of mineralization. The Company has modified the exploration approach to include:

- 1) A new geological model for mineral deposition at East Bull to include mineralization associated with feeder structures and major structural zones.
- 2) Utilization of a magnetotelluric ("MT") survey to detect areas of disseminated palladium mineralization to depths exceeding 1 km. In the past several months the MT survey was completed over selected areas of the East Bull Lake Intrusion including areas at the confluence of some of the major structures that transect the property.

The exploration targets at East Bull Lake include:

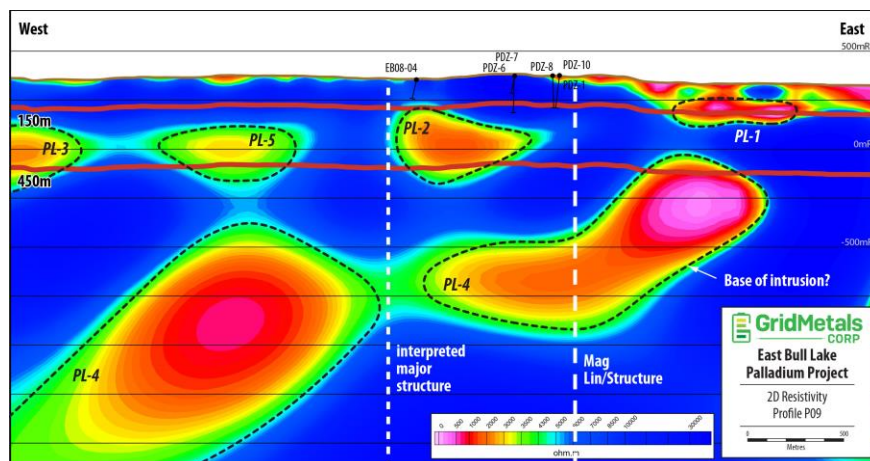
- near surface palladium mineralization having the potential to host a large mineral resource (i.e., >50 million tonnes) with an average palladium grade amenable to open pit mining methods; and,
- higher-grade, vertically extensive and structurally-controlled palladium mineralization having average in situ grades that are potentially extractable using underground mining methods.

Below: The Parisien Lake and East Lobe grids (below red) were the areas that were surveyed and are shown below. Two scout lines of MT 1 and 4 were also completed



Above: MT resistivity anomalies outlined by the recent MT survey at the Parisien Lake area.

Several areas of strongly reduced resistivity representing new drill targets have been identified to date within the Parisien Lake MT grid area. The largest and strongest anomaly identified to date (PL-4) is divided into upper and lower segments separated by an interpreted vertical fault. The anomaly appears to be associated with two different northwest-striking, vertical, regional structures that may have acted as feeders to the EBL intrusion. This anomaly is also interpreted to follow the west dipping base of the intrusion and ranges in depth from approximately 400 metres to >1000 metres and has a minimum strike length of >2 kilometres. Surface samples from the area overlying anomaly PL-4 returned up to 9.4 g/t Pd. Anomalies PL-1 to PL-3 are also considered to be high priority drill targets. PL-1 is a shallow, strong anomaly located at the east end of the survey grid in an area with no previous drilling or surface sampling. PL-2 is centered at a depth of ~300m and occurs below historical drill holes with anomalous Pd+Pt+Au values over significant widths (e.g., drill hole PDZ-7 intersected 74.4m of 0.44 g/t combined Pd + Pt + Au including 4.27m of 1.27 g/t combined Pd + Pt + Au). Anomaly PL-3 is located at the southwest end of the grid and occurs at depths of ~150 metres to >450 metres. It underlies an area of known surface mineralization including maximum values up to 3.06 g/t combined Pd + Pt + Au, 0.70% Cu and 0.26% Ni in one sample.



Above: cross section showing schematic of MT resistivity anomalies at Parisien Lake area.

With the completion of the MT Survey and analysis of results the Company concluded that a clear pattern is emerging wherein samples with anomalous palladium grades in the EBL intrusion are associated with major structures and, locally, resistivity lows. These major structures may have acted as the primary magma feeder conduits for the EBL intrusion and, if so, may represent areas of enhanced potential for the accumulation of palladium-rich sulfides. Three northwest-striking major structures appear to divide the intrusion into separate structural blocks, all of which host laterally extensive, near surface palladium mineralization. Based on existing data, the best mineralized structural trend is associated with a 12 km long segment of the Sables River structure.

Makwa/Mayville Property

Q1 Activities

During the first quarter the Company commenced a mineralogical study on lower grade nickel samples from outside the current Makwa resource in order to look at the potential for nickel recovery. As at the end of the period the results of the study were pending. The Company is not actively developing the Makwa Mayville project at this time due to low nickel prices. Ian Ward P.Eng. is overseeing the metallurgical program as a consultant to the Company

Financings

During the three months ended March 31, 2020, the Company raised a total of \$1,449,986 in gross proceeds from equity private placements.

Financing proceeds will be utilized for exploration and working capital needs of the Company. As of the date of writing the Company has incurred sufficient CEE eligible exploration expenditures to meet its obligations under the \$170,000 flow-through financing which closed in December 2020.

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,	2019	2018	2017
	\$	\$	\$
Net loss before provision for income taxes	(659,670)	(1,083,527)	(496,516)
Net loss after provision for income taxes	(659,670)	(1,040,527)	(33,516)
Basic and diluted loss per share	(0.02)	(0.02)	(0.00)
Total assets	28,864,272	29,167,517	30,384,979

4. DISCUSSION 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 three months ended March 31, 2020 and 2019.

	For the three months ended	
	March 31,	
	2020	2019
	\$	\$
Operating expenses	(855,439)	(204,338)
Net loss	(862,102)	(194,717)
Net loss per share	(0.02)	(0.00)
Mining interests	27,926,839	27,562,748
Total assets	29,915,725	29,035,025

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 three months ended March 31, 2020 and 2019 are summarized as follows:

	For the three months ended	
	March 31,	
	\$	
	2020	2019
Office, general and administrative	266,059	38,364
Management and directors fees	105,250	64,750
Stock based compensation	445,400	-
Professional fees	77,026	89,445
Public company costs	10,810	10,243
Flow through share premium	(51,600)	-
Other	2,494	1,536
	855,439	204,338

Exploration and Development Expenditures

	For the three months ended March 31, 2020			
	\$			
	Makwa	Mayville	East Bull Lake	Total
Geological	436	10,742	-	11,178
Geophysics	-	-	224,191	224,191
Total	436	10,742	224,191	235,369

Property descriptions

MANITOBA

Makwa

The Makwa property is a nickel copper platinum group metal exploration project located near Lac du Bonnet, in south east Manitoba. During 2004, the Company acquired a 100% interest by acquiring all of the shares of Global Nickel Inc., a federally incorporated company that holds the mineral rights to the Makwa Property. To acquire the shares the Company paid \$500,000 cash and issued 6,679,000 common shares valued at \$0.43 per share, representing the quoted share price of the Company at the time of the transaction. The mineral rights of the Makwa Property consist of a mineral lease, a surface lease, and Exploration and evaluation assets claims held by the Company. An annual payment of approximately \$10,000 must be made to the province of Manitoba to keep the mineral lease and surface lease in good standing. There is a 1.0% NSR royalty on the Makwa property. The Company has the option to purchase 0.5% of the NSR royalty for \$500,000.

Mayville

The Mayville property is a copper nickel platinum group metal exploration project located near Lac du Bonnet, in south east Manitoba. The Company acquired a cumulative 89% interest in the property (consisting of Exploration and evaluation assets claims) in 2005. A direct 60% interest was acquired from the vendor for consideration of \$90,000 in cash, a note for \$165,000 due 18 months from closing (which was paid during 2006), and 700,000 common shares of the Company (issued in 2005).

The additional 29% interest was acquired through the acquisition of a 72.56% interest in Maskwa Nickel Chrome Mines Limited (“MNCM”), a company which holds the remaining 40% interest in the Mayville property. The shares in MNCM were acquired through the issuance of 400,000 common shares of the Company and a cash payment of \$120,000. A royalty payment in the amount of \$210,000 will be due in five equal annual payments upon the commencement of commercial production on any portion of the MNCM property.

Mayville Lithium

The Mayville lithium property is a lithium and rare metals exploration project located near Lac du Bonnet, in south east Manitoba adjacent to the Mayville property. On June 30, 2010, the Company entered into an option agreement with Tantalum Mining Corporation of Canada Limited (“Tanco”) and acquired a 100% interest in the base and precious metal rights of a property. Pursuant to the terms of the option agreement, the Company made cash option payments totaling \$45,000, and incurred expenditures of \$312,600. The Company acquired rights to lithium and rare metals on the property in 2017 in return for a retained right of Tanco, on normal commercial terms, to purchase products produced from the property. The property is subject to a 2% royalty interest.

ONTARIO

East Bull Lake Palladium

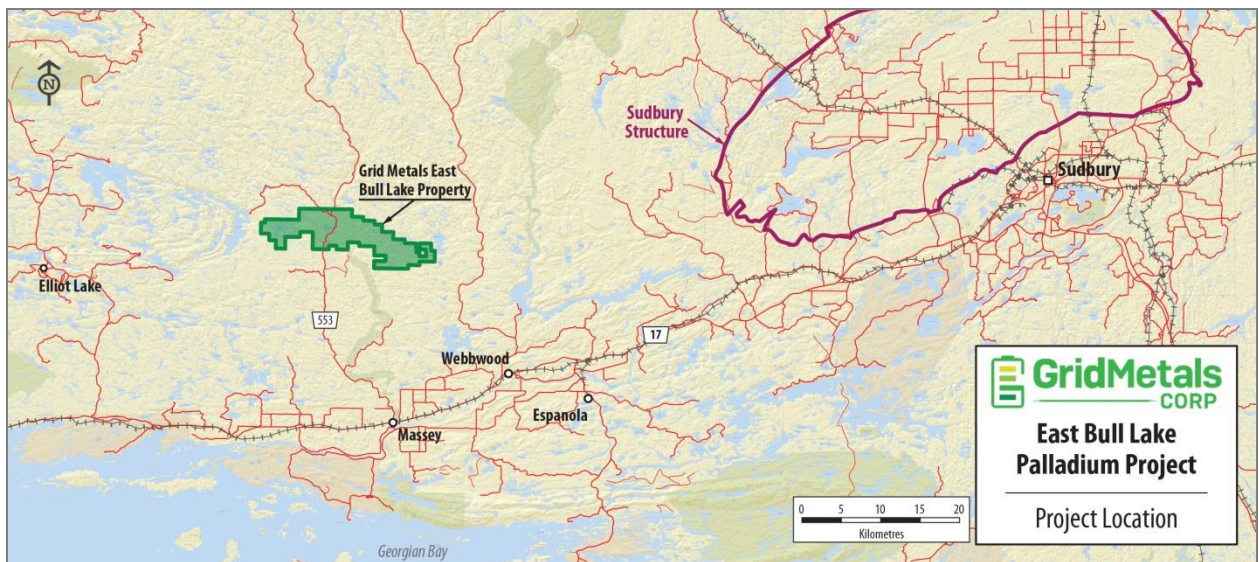
The East Bull Lake property (“EBL”) is a platinum group metals (“PGM”) exploration project located in the Sudbury Mining Division, Ontario, Canada. The property is comprised of mining claims primarily optioned from third parties. Most of the mining claims are subject to an NSR of up to 3% to the underlying option holders. Prior to 2019 a decision was made to halt exploration on the property and all prior costs were written off. Recent interest in palladium led to the decision to resume exploration on the property in 2019.

East Bull Lake

The EBL palladium property covers 80% of the highly prospective EBL intrusion. The intrusion is the type example of a series of palladium-rich mafic complexes that occur in the greater Sudbury region. These bodies formed during a major, global-scale episode of mafic and ultramafic magmatic activity that produced significant palladium, copper-nickel sulfide and chromite deposits in Canada, Scandinavia,

Russia and Brazil approximately 2.5 billion years ago. The EBL intrusion shares many geological and geophysical characteristics with the older Lac des Iles (LDI) complex in northwestern Ontario – host to Canada’s only primary palladium mine. Importantly, the EBL intrusion was recently confirmed to host the same style of structurally-controlled palladium mineralization that constitutes the majority of past and present palladium resources at LDI, which exceed 200 million tonnes of open pit and underground mineralization with over 10 million ounces of contained palladium. The EBL project is also directly analogous to palladium-rich sulfide deposits that occur in northern Finland including the Arctic Platinum project (APP) with current palladium resources totalling 208.5 Mt averaging 1.47 g/t Pd (9.8 million contained ounces). Despite its palladium pedigree, the EBL intrusion remains chronically under-explored compared to the much smaller LDI complex and to several similar-age intrusions in both Canada and Finland. The Company is now embarking on a new phase of systematic exploration on the property that is focused on the discovery of large, palladium-rich deposits having similar grade-tonnage attributes to the LDI and APP deposits. The new programming is guided by the significant knowledge gained from over 40 years of intermittent exploration at EBL and by recent, critical insights into the controls on the development of large palladium-rich deposits in similar geological environments.

The property is easily accessible from the city of Sudbury, located 80 km to the east, by way of an all-weather Provincial road that connects to the Trans-Canada Highway. Sudbury is a world leading nickel, copper and platinum group metal (“PGM”) mining and smelting centre with a highly skilled mining work force and a surface and underground mining heritage that spans ~150 years.

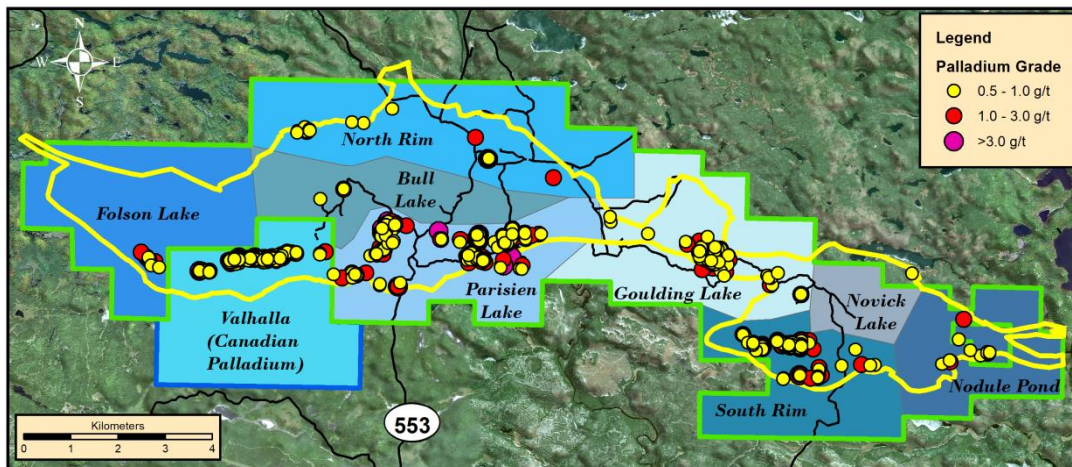


Location of the EBL property in the Sudbury area, northeastern Ontario.

The East Bull Lake intrusion is over 20 km long and comprises two magmatic centres (east and west lobes) connected by a narrow east-west trending ‘neck’. The ultimate size of the intrusion is not known but limited deep drilling and 3D geophysical models suggest that the base of the two lobes locally exceed 1 km in depth and may extend much deeper. Critically, the property is cut by a network of criss-crossing northwest-trending and northeast-trending faults, any of which may have acted as feeder structures during emplacement of the EBL intrusion. These faults tend to produce strong, positive magnetic anomalies that reflect their infiltration by mafic dykes formed during the end-stages of magmatism associated with the EBL suite of intrusions. The internal geology of the EBL intrusion is well documented in a series of Ontario Government maps and reports and more recent academic publications. In brief, the intrusion is dominated by mafic rocks including melanocratic to leucocratic gabbro-norite, olivine gabbro-norite, pyroxenite and anorthosite. The lower part of the stratigraphy of the intrusion is dominated by brecciated

anorthosite and leucocratic gabbro-norite containing local patches of varitextured gabbro-norite. This part of the intrusion represents a dynamic period of magma injection featuring high energy pulses of magma presumably channeled vertically through, and laterally away from, major feeder faults. The lower stratigraphy is the primary host to the many known palladium zones on the property.

The known distribution of palladium mineralization on the EBL property is illustrated on the map, below. Several palladium zones have been discovered over >30 years of intermittent prospecting and exploration. Most of these zones were initially thought to be related to the margins or basal contact of the intrusion. A recent re-assessment of the property data by Grid indicates a strong structural control on most of the known Pd zones on the property including a spatial association with cross-cutting faults representing potential feeders to the intrusion.



Bannockburn

The Bannockburn property is a nickel exploration project located in the Sudbury Mining Division, Ontario, Canada. The property package consists of mining claims obtained under option and staked by the Company. The Company has completed its option commitments to earn a 100% interest in the core claims comprising the Bannockburn property. The core part of the property is subject to a 2% NSR. All costs on the property have been written off in previous years.

5. SUMMARY OF QUARTERLY RESULTS

Selected financial information for the last 8 fiscal quarters:

	2020 Q1	2019 Q4	2019 Q3	2019 Q2
	\$	\$	\$	\$
(a) Net loss	(862,102)	(74,571)	(209,431)	(180,951)
(b) Basic and diluted loss per share	(0.02)	(0.00)	(0.01)	(0.01)

	2019 Q1	2018 Q4	2018 Q3	2018 Q2
	\$	\$	\$	\$
(a) Net loss	(194,717)	(75,065)	(388,380)	(331,930)
(b) Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.01)

Comments on quarterly results

2020 – Q1

Results for the quarter were a loss of \$862,102 vs \$194,717 for the 2019 period. Significant differences are explained by; office, general and administrative for 2020 amounted to \$266,059 (2019 - \$38,364) with the increase explained primarily by marketing and promotion carried out during 2020; management and

directors fees \$105,520 (2019 – 64,750) with bonuses in 2020 explaining the increase; share based payments in 2020 \$445,400 (2019 – Nil); flow through share premium \$51,600 (2019 – Nil).

2019 – Q4

Results from the quarter were a loss of \$74,571 (2018 - \$75,065). Significant differences between the 2019 and 2018 periods were; professional and consulting fees amounted to \$25,234 (2018 - \$97,555); Due diligence costs Nil (2018 - \$45,331); shareholder indemnification recovery \$99,961 (2018 - \$165,899); Deferred income tax recover Nil (2018 - \$43,000).

2019 – Q3

Results from the quarter were a loss of \$209,431 vs \$388,380 for the 2018 period. During 2019 Q3 due diligence fees of nil were incurred (2018 - \$163,933).

2019 – Q2

Results from the quarter were a loss of \$180,951 vs \$331,930 for the 2018 period. During 2019 Q2 professional fees of \$87,838 were incurred (2018 Q2 - \$148,588) and due diligence fees of nil were incurred (2018 Q2 - \$98,348).

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 March 31, 2020 of \$1,673,279 (December 31, 2018 – \$971,206).

During 2015, the Company’s flow-through renunciation and related expenditures from 2010 to 2013 were audited by the Canadian Revenue Agency (“CRA”). CRA determined that certain amounts reported as eligible expenditures did not qualify as such. The Company has recorded a liability in the amount of \$100,000 at March 31, 2020 which management estimates is adequate to cover potential future claims.

7. CAPITAL RESOURCES

During the three months ended March 31, 2020, except for the private placements described herein, there were no unusual factors that affected the Company’s capital resources.

8. OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2020 and 2019, the Company did not have any off-balance sheet arrangements.

9. TRANSACTIONS BETWEEN RELATED PARTIES

Director’s fees, professional fees and other compensation of directors and key management personnel were as follows for the periods ended March 31:

	2020	2019
	\$	\$
Short-term compensation and benefits	150,623	64,750
Share-based payments (stock option grants)	362,100	-
Total key management compensation	512,723	64,750

Amounts due to key management personnel included in accounts payable amounted to \$17,854 (2019 – 4,520).

Legal fees were charged by a legal firm during the period ended March 31, 2020, of which an officer of the Company is an employee, for legal and corporate secretarial services in the amount of \$19,422 (2019 – \$1,738). Accounts payable and accrued liabilities includes \$12,075 owing to the legal firm (2019 – \$1,067).

Amounts due to related parties included in accounts payable are unsecured, non-interest bearing and due on demand.

See also Note 8 to the March 31, 2020 financial statements.

10. PROPOSED TRANSACTIONS

There are no proposed transactions other than normal ongoing activities.

11. SUBSEQUENT EVENTS

On May 19, 2020, the Company announced it is conducting a non-brokered private placement of flow-through units (“FT Units”) of up to \$800,000. Each FT Unit is being offered at a price of \$0.16 and will be comprised of one flow through share of the Company and one half of one common share purchase warrant, each warrant entitling the holder thereof to acquire one common share of the Company at a price of \$0.26 for a period of 24 months from the date of closing of the Offering.

The Company’s operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company’s operations and ability to finance its operations.

12. CRITICAL ACCOUNTING ESTIMATES

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 March 31, 2020 consolidated financial statements.

13. FINANCIAL ASSETS, AND OTHER INSTRUMENTS

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either Fair Value through Profit or Loss ("FVPL") or Fair Value through Other Comprehensive Income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of earnings (loss) when the right to receive payments is established.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of earnings (loss). The Company's marketable securities are classified as financial assets at FVPL.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are other accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities and

lease obligations, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of operations.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations.

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 March 31, 2020, the Company had current assets of \$1,976,510 (December 31, 2019 - \$1,157,932) to settle current liabilities of \$303,230 (December 31, 2019 - \$186,726). All 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.

Land access and permitting

The Company is required to obtain permits to conduct exploration and evaluation activities on its properties and part of that process requires consultations with First Nations. In management's view there is uncertainty concerning the First Nation's consultation process, and there are risks of permitting delays. The impact of any delays on the Company's operations is unknown.

Operating Risk

All assets of the Company are either at the exploration or development stage. The Company faces a number of risks to the successful exploration and/or development of its properties. These include the availability of

capital, technical risk, permitting risk and environmental risk. There is no certainty the Company will be able to fund or complete the required work in order to build a mine or profitably divest any of its assets. The Company is required to engage with First Nations in order to obtain exploration permits and there is ongoing uncertainty with respect to the permitting process.

13. DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital

Common Shares

As at March 31, 2020, and the date hereof, there were 57,545,733 common shares of the Company outstanding (December 31, 2019 – 46,276,610).

Warrants

At March 31, 2020 and the date hereof, there were a total of 21,516,943 warrants outstanding (December 31, 2019 – 15,161,285).

Options

At March 31, 2020, and the date hereof, there were a total of 4,575,000 stock options outstanding (December 31, 2019 – 2,035,000).

Directors and officers of the Company

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

Dave Peck P. Geo, is the Qualified Person for Grid Metals Corp. for purposes of National Instrument 43-101 and has reviewed the technical content of this document.

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.gridmetalscorp.com.