

Level 14 Ventures Ltd

**MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED
DECEMBER 31, 2020**

1) Introduction

This Management Discussion and Analysis (“MD&A”) of Level 14 Ventures Ltd (“Level 14” or the “Company”) has been prepared by management as of March 31, 2021 and should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2020 and related notes thereto (the “Financial Statements”). Unless otherwise specified, all financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. All dollar amounts herein are expressed in Canadian dollars (the presentation and functional currency of the Company’s financial statements).

This MD&A contains forward-looking statements and should be read in conjunction with the risk factors described under “Other risks and uncertainties” and “Forward Looking Statements” towards the end of this MD&A.

2) Corporate profile and overall performance

Level 14 was incorporated under the Business Corporations Act (British Columbia) on November 7, 2018. Level 14 is a mineral exploration company with an exploration asset in British Columbia, Canada.

The head office, principal address and registered office of the Company are located at Suite 1400, 400 Burrard Street, Vancouver, British Columbia, V6C 3A6.

On February 1, 2019, the Company closed a round of financing pursuant to an engagement letter signed with Vested Technology Corp (“Vested”). Through the facility of Vested, Level 14 raised \$60,725 in gross proceeds by issuing investors 1,214,500 special warrants. Each special warrant was converted into a common share of the Company on a one-to-one basis on June 1, 2019, after being subjected to a four month hold period. In connection with the placement, the Company paid cash share issuance costs of \$5,058.

On September 30, 2020, a director of the Company subscribed for 2,000,000 units at \$0.05 per unit (each unit consisting of one flow-through share of the Company and one whole warrant), for a total receipt of \$100,000 (the “Flow-through Financing”) (see “5. Liquidity and capital resources”). Each whole warrant issued as part of the unit entitles the holder to purchase one common share of the Company at a price of \$0.10 per share for a period of five years from the date of the flow-through financing. Legal costs of \$14,260 were incurred in connection with this unit issuance and were recorded as share issuance costs within share capital.

On September 30, 2020, the Company closed a round of financing, issuing 6,620,000 units at \$0.05 per unit (each unit consisting of one common share of the Company and one whole warrant) for proceeds of \$331,000 (the “2020 Private Placement”) (see “5. Liquidity and capital resources”). Each whole warrant issued as part of the unit entitles the holder to purchase one common share of the Company at a price of \$0.10 per share for a period of five years from the date of the financing. No costs were incurred in connection with this unit issuance.

On October 14, 2020 the Company completed the acquisition of all of the issued and outstanding shares of 1246931 B.C. Ltd., a private company with mineral rights to an exploration asset. 1246931 B.C. Ltd was purchased for consideration of 4,000,000 shares of the Company, \$28,000 cash and a 1.5% net smelter returns royalty on the exploration asset of 1246931 B.C. Ltd. The Company incurred \$6,182 in legal fees in relation to the acquisition of 1246931 B.C. Ltd.

On October 22, 2020, the Company invested \$100,000 in 1246931 B.C. Ltd in the form of flow-through shares. In return for the consideration, 1246931 B.C. Ltd issued 33,333 common shares on a flow through basis to the Company.

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On April 23, 2020, 1246931 B.C. Ltd entered into a consulting agreement with C.J. Greig and Associates Ltd. for exploration services. In addition to consulting fees paid as incurred, the Company issued an additional 50,000 common shares upon successful completion of a 43-101 technical report by an independent qualified person on an exploration property owned by 1246931 BC Ltd. (these common shares were issued on October 19, 2020) and another additional 50,000 common shares upon the occurrence of the Company becoming listed on a public exchange (these common shares were issued on December 14, 2020).

On November 30, 2020, the Company filed a final non-offering prospectus (“the Prospectus”) in relation to the listing of the Company on the Canadian Securities Exchange (“the Exchange”). The Company’s shares commenced trading on the Exchange on December 14, 2020 under the symbol “LVL”.

3) Summary of annual data and quarterly results

The following table is a summary of the Company’s financial results and position for the last 3 completed years.

	Year ended December 31, 2020	Year ended December 31, 2019	For the period from incorporation on November 7, 2018 to December 31, 2018
<i>In Canadian dollars</i>			
Revenue	-	-	-
Loss from operations	245,186	43,402	30,710
Net Loss	245,186	43,402	30,710
Total Assets	688,188	229,716	248,752
Total non-current liabilities	-	-	-
<i>The presentation currency of the Company has been the Canadian dollar in every year presented and financial statements have been prepared in accordance with IFRS.</i>			

The following table is a summary of the Company’s financial results and position for the 8 most recently completed quarters.

	Three months ended							
<i>In Canadian dollars unless otherwise stated</i>	31-Dec-20	30-Sep-20	30-Jun-20	31-Mar-20	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19
Net loss and comprehensive loss	164,460	68,267	6,072	6,387	10,110	8,158	6,838	18,296
Basic loss per share	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Diluted loss per share	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Weighted average shares (basic and diluted)	19,919,284	7,909,226	7,814,501	7,814,501	7,814,501	7,814,501	7,004,834	6,600,001
Total assets	688,188	643,457	217,046	223,438	229,716	236,554	243,661	254,178
Long-term liabilities	-	-	-	-	-	-	-	-

The vast majority of the Company’s assets is its cash balance, which has remained relatively stable throughout all quarters shown until two financings which closed on September 30, 2020. The Company has been preserving cash while searching for a suitable mining transaction for the business. The Company has incurred some general and administrative expenses during the periods shown, resulting in a small net loss in each period and a commensurate reduction in the total assets of the Company. The loss per share has remained reasonably consistent throughout the periods shown until the quarter ended September 30, 2020 which had a higher net loss due to a \$32,016 non-cash share-based compensation charge, as well as professional fees and business development fees associated with the Company’s acquisition of 1246931 B.C. Ltd and proposed listing on the Exchange. In the quarter ended December 31, 2020 the Company had a higher net loss due to additional professional, filing and consulting fees associated with the listing of the Company on the Exchange, which was completed on December 14, 2020 (see “2. Corporate profile and overall performance”).

4) Results of operations

Three months ended December 31, 2020 compared to the three months ended December 31, 2019

As at December 31, 2020, the Company is an exploration mining company and has no sources of revenue, accordingly, the Company has not recorded any revenues, and depends upon share issuances to fund its expenses.

The Company incurred a total of \$164,460 operating and administrative expenses in the three months ended December 31, 2020 as compared to \$10,110 in the same period in the prior year. The table below details the changes in the expenditures for the three months ended December 31, 2020 as compared to the three months ended December 31, 2019.

Expense/Other income	Increase/Decrease from prior year	Explanation for the change
Salaries and wages	Increase of \$14,055	The Company commenced paying a salary to the CFO in the third quarter of 2020. No salaries and wages were paid in 2019.
Management fees	Increase of \$9,000	The increase in the expense is a result of a management fee agreement which began on September 1, 2020 (see "6. Transactions with related parties"). No management fees were paid in 2019.
Share-based compensation	No change	Consistent in both periods
Other general and administrative fees	Decrease of \$3,672	The decrease in the expense is a result of higher business development expenses in 2019 as the Company was in search of a transaction.
Listing and filing fees	Increase of \$25,682	The increase in the expense is a result of the Company's listing on the Exchange. The shares began trading on December 14, 2020. No such fees were paid in 2019.
Professional fees	Increase of \$95,945	The increase in the expense is a result of legal and consulting fees incurred in the amount of \$75,645 associated with the listing of the Company on the Exchange and auditor fees incurred of \$20,000. No such fees were paid in 2019.
Exploration expenses	Increase of \$13,340	The increase in the expense is a result of exploration expenses to assess and develop the Green Mountain property acquired by the Company. There were no such expenses in 2019.

Cash flows

In the three months ended December 31, 2020, the Company's cash balance decreased by \$192,658. This decrease is as a result of: incurring \$159,461 in cash operating expenses, making a loan payment of \$28,000 (see "2. Corporate profile and overall performance"), share issuance costs of \$14,260, an investment in the exploration asset of \$1,151 and an inflow of \$10,214 relating to timing differences with respect to non-cash working capital.

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Year ended December 31, 2020 compared to the year ended December 31, 2019

As at December 31, 2020, the Company is an exploration mining company and has no sources of revenue, accordingly, the Company has not recorded any revenues, and depends upon share issuances to fund its administrative expenses.

The Company incurred a total of \$245,186 expenses in the year ended December 31, 2020 as compared to \$43,402 in the same period in prior year. The table below details the changes in the expenditures for the year ended December 31, 2020 as compared to the year ended December 31, 2019.

Expense/Other income	Increase/Decrease from prior year	Explanation for the change
Salaries and wages	Increase of \$19,266	The Company commenced paying a salary to the CFO in the third quarter of 2020. No salaries and wages were paid in 2019.
Management fees	Increase of \$12,000	The increase in the expense is a result of a management fee agreement which began on September 1, 2020 (see "6. Transactions with related parties"). No management fees were paid in 2019.
Share-based compensation	Increase of \$32,016	The stock options issued during Q3 2020 all vested on the grant date, and as such the full expense in relation to these was expensed in 2020. There were no options issued in 2019 and so no expense.
Other general and administrative fees	Decrease of \$4,240	The decrease in the expense is a result of higher business development expenses in 2019 as the Company was in search of a transaction.
Listing and filing fees	Increase of \$25,682	The increase in the expense is a result of the Company's listing on the Exchange. The shares began trading on December 14, 2020. No such fees were paid in 2019.
Professional fees	Increase of \$103,720	The increase in the expense is primarily as a result of legal and consulting fees incurred in the amount of \$77,445 associated with the listing of the Company on the Exchange and auditor fees incurred of \$26,000. No such fees were paid in 2019.
Exploration expenses	Increase of \$13,340	The increase in the expense is a result of exploration expenses to assess and develop the Green Mountain property acquired by the Company. There were no such expenses in 2019.

Cash flows

In the year ended December 31, 2020, the Company's cash balance increased by \$218,652. This increase is as a result of: incurring \$208,170 in cash operating expenses, making a loan payment of \$28,000 (see "2. Corporate profile and overall performance"), share issuance costs of \$14,260, an investment in the exploration asset of \$1,151, an inflow of \$39,233 relating to timing differences with respect to non-cash working capital and an inflow of \$431,000 relating to the issuance of 8,620,000 shares of the Company on September 30, 2020 (see "5. Liquidity and capital resources).

5) Liquidity and capital resources

As at December 31, 2020, the Company had a cash balance of \$448,368 (December 31, 2019 - \$229,716) and a working capital surplus of \$402,063 (December 31, 2019 – \$223,150).

On November 13, 2018, pursuant to a private placement, the Company issued 3,250,000 common shares of Level 14 at \$0.025 and 2,750,000 common shares at \$0.05 per share, for a total receipt of \$218,750.

On November 13, 2018, the Company issued 600,000 common shares at \$0.05 per share to non-employees for services performed; these common shares have a fair value of \$30,000 and were recorded in 2018 as equity in share capital with an offsetting entry to Deferred financing costs. The services performed by non-employees were in relation to the Offering completed on February 1, 2019, at which point the \$30,000 was reclassified from Deferred financing costs to share issuance costs.

On February 1, 2019, the Company closed the Offering and raised \$60,725 in gross proceeds by issuing investors 1,214,500 special warrants. Each special warrant was converted into a common share of the Company on a one-to-one basis on June 1, 2019, after being subject to a four month hold period. In connection with the Offering, the Company paid cash share issuance costs of \$5,058.

On September 30, 2020, a director of the Company subscribed for 2,000,000 units at \$0.05 per unit (each unit consisting of one flow-through share of the Company and one whole warrant), for a total receipt of \$100,000. Each whole warrant issued as part of the unit entitles the holder to purchase one common share of the Company at a price of \$0.10 per share for a period of five years from the date of the flow-through financing. Legal costs of \$14,260 were incurred in connection with this unit issuance and were recorded as share issuance costs within share capital.

On September 30, 2020, the Company closed a round of financing issuing 6,620,000 units at \$0.05 per unit (each unit consisting of one common share of the Company and one whole warrant) for proceeds of \$331,000. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.10 per share for a period of five years from the date of the financing. No costs were incurred in connection with this unit issuance.

Management believes that the Company has sufficient funds on hand to meet its current exploration program and anticipated administrative expenses and legal costs associated with ongoing operations, however, may need to raise additional capital through further rounds of equity financing.

As of the date hereof, the Company did not have any commitments for capital expenditures or other contractual obligations other than those discussed elsewhere in this MD&A (see “2. Corporate profile and overall performance”). The Company has no debt other than its accounts payable balance.

6) Transactions with related parties

Related parties are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. Related parties of the Company include the members of the Board of Directors, officers of the Company, close family members of these individuals, and any companies controlled by these individuals. Pathway Capital Ltd (“Pathway”) is considered a related party of the Company as it is controlled by Marcel de Groot, the Chief Executive Officer and a director of the Company.

On November 26, 2018, Level 14 entered into an administrative services agreement with Pathway to pay for rent and other administrative services. On September 1, 2020 this agreement was modified to include

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management fees in addition to the services already provided by Pathway. During the year ended December 31, 2020, Level 14 paid or accrued \$36,000 to Pathway under the agreement (2019 - \$24,000), these expenses are included under general and administrative expenses and management fees in the consolidated statement of loss and comprehensive loss. As at December 31, 2020, Level 14 had an accounts payable balance of \$16,003 owing to Pathway (December 31, 2019 - \$6,566).

Marcel De Groot purchased 2,450,000 shares of the Company in the private placement on November 13, 2018 and 2,000,000 units in the Flow-through Financing on September 30, 2020. Members of the Board of Directors and certain officers of the Company and their close family members purchased a total of 6,120,000 shares of the Company in the 2020 Private Placement on September 30, 2020.

On October 7, 2020 the Company acquired 1246931 B.C. Ltd. from a related party of the Company, for 4,000,000 common shares of the Company (valued at \$200,000) and a 1.5% NSR on the Green Mountain property.

Compensation of key management personnel:

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Level 14 considers its Board of Directors (Marcel de Groot, Hayley DeWitt, Christopher Cooper), as well as the CEO (Marcel de Groot) and CFO (Victoria McMillan) to be key management personnel.

During the year ended December 31, 2020, the Company's compensation cost for key management personnel was as follows:

	For the year ended December 31, 2020 \$	For the year ended December 31 2019 \$
Salaries and Wages	19,266	-
Share-based compensation	28,014	-
Total	47,280	-

As at December 31, 2020, the Company had an accounts payable balance of \$2,276 owing to the Victoria McMillan included in Salaries and Wages in the table above.

7) Disclosure of data for outstanding common shares and stock options

Common Shares

As at the date of this report, the Company had 20,534,501 common shares outstanding.

Stock Options

The Company's stock option plan provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options are non-transferable and the aggregate number of shares that may be reserved for

issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting. The exercise price and vesting terms of stock options is determined by the Board of Directors of the Company at the time of grant.

On December 14, 2018, the Company issued 700,000 stock options to directors and officers of the Company. On September 18, 2020, the Company issued 1,000,000 stock options to directors, officers of the Company, and consultants. All stock options issued vested upon grant and expire five years from the date of grant and are outstanding as of the date of this MD&A.

Warrants

Pursuant to the completion of the Flow-through Financing, on September 30, 2020, the Company issued 2,000,000 share purchase warrants at an exercise price of \$0.10 per share for a period of five years from the date of issuance. All warrants are exercisable upon issuance as there are no vesting conditions attached.

Pursuant to the completion 2020 Private Placement on September 30, 2020, the Company issued 6,620,000 share purchase warrants at an exercise price of \$0.10 per share for a period of five years from the date of closing the financing. All warrants are exercisable upon issuance as there are no vesting conditions attached.

As of the date of this MD&A, the fully diluted share count of the Company is 30,854,501.

8) Off-balance sheet transactions

The Company did not have any off-balance sheet arrangements as at December 31, 2019, December 31, 2020 or as of the date of this MD&A.

9) Significant judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Management believes the estimates and assumptions used in the financial statements for the year ended December 31, 2020 are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

The Company's significant accounting judgments and estimates which have been applied in the financial statements for the year ended December 31, 2020 are:

Judgments

- Management makes judgments related to expectation of future taxable income, applicable tax 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.

Estimates

- In calculating the fair value of the share-based compensation and warrants, management makes estimates related to the Company's share price volatility and expected life of the instruments. To the extent that these estimates are not correct, the value of these instruments within equity may differ.

- In calculating the fair value of the flow-through shares and warrants, management makes estimates related to the Company's share price volatility and expected life of the instruments. To the extent that these estimates are not correct, the value of these instruments within equity may differ.
- The fair value of the assets and liabilities purchased with 1246931 B.C. Ltd on October 7, 2020 have been estimated by management.
- The assessment of indicators of impairment for the mineral properties and the related determination of the recoverable amount and write-down of the properties where applicable. To the extent that these estimates are not correct, the value of the mineral properties may differ.

10) Changes in accounting standards

There are currently no proposed changes to accounting standards which will have a significant impact on the Company's financial statements.

11) Financial instruments and capital management

As at December 31, 2020, the Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities. The Company classifies cash and receivables as financial assets measured at amortized cost. The Company classifies accounts payable and accrued liabilities as financial liabilities held at amortized cost.

All of the Company's financial instruments are considered to be Level 1 within the fair value hierarchy (as discussed below).

Level 1 – fair values based on unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and

Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between the levels during the year ended December 31, 2020.

(a) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial assets are cash and receivables. The Company holds its cash in a bank account with a highly rated Canadian financial institution, therefore minimizing the Company's credit risk. Receivables are due from a government agency.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company has sufficient funds as of December 31, 2020 to cover its liabilities. The

Company's ability to continue to meet its liabilities when due, beyond the current cash balance, is dependent on future support of shareholders through public or private equity offerings.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings or financial instruments. The Company's activities have only been transacted in Canadian dollars since incorporation and until December 31, 2020; in addition, the Company carries no interest-bearing debt. As such, the Company has minimal market risks facing it at present.

Capital Management

In the management of capital, the Company includes the components of shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral projects for the benefit of its stakeholders. As the Company is in the exploration stage, it has no income from operations, and its principal source of funds is from the issuance of its common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture arrangements, or dispose of assets.

The Company's investment practice is to invest its excess cash in highly liquid short-term interest-bearing investments selected with regards to expected timing of its expenditures. The Company is not subject to any externally imposed capital requirements.

12) Forward looking statements

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Readers are cautioned that these statements which describe the Company's plans, objectives, and budgets may differ materially from actual results and as such should not be unduly relied upon by investors. Forward-looking statements contained in this MD&A speak only as to the date of this MD&A, or such other date as may be specified herein, and are expressly qualified in their entirety by this cautionary statement.