

Lithoquest Diamonds Inc.

Management's Discussion and Analysis
Year Ended March 31, 2019

Introduction

This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial condition and results of operations to a reader to assess material changes in the financial condition and results of operations as at and for the year ended March 31, 2019. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of Lithoquest Diamonds Inc. ("Lithoquest" or the "Company") for the years ended March 31, 2019 and 2018 and the notes thereto (the "Statements"). Readers are encouraged to review the Statements in conjunction with this document. All reported amounts are stated in Canadian Dollars unless otherwise indicated. The information contained herein is presented as at July 24, 2019, unless otherwise indicated.

Description of Business

On November 23, 2017, Consolidated Westview Resource Corp. ("Westview") completed a transaction in which it acquired a 100% interest in a private mineral exploration company focused on diamond exploration in the Australian state of Western Australia in exchange for a combination of common shares and warrants of Westview that would result in a reverse take-over ("RTO") of Westview by shareholders of the private company, Lithoquest Diamonds Inc.

Upon completion of the RTO, the private company Lithoquest Diamonds Inc., which changed its name to Lithoquest Holdings Inc., became a 100% subsidiary of Westview. At that time Westview changed its name to Lithoquest Diamonds Inc. ("Lithoquest" or the "Company")

Lithoquest is a mineral exploration and development company engaged in the acquisition, exploration and development of properties for the purpose of diamond mining. The Company does not have any resource properties in production currently.

The Company was incorporated in British Columbia, Canada. Its head office is located at Suite 2000, 1066 West Hastings Street, Vancouver, BC V6E 3X2

Discussion of Operations

Australia Diamond Project

Lithoquest has identified diamond exploration targets in Western Australia (the "North Kimberly Diamond Project", or the "Property") and, through its wholly owned Australian subsidiary Lithoquest Diamonds (Australia) Pty. Ltd. ("Lithoquest Australia"), acquired a 100% interest in two exploration licenses to cover the targets, E80/5029 and E80/5030 (the "Exploration Licenses") covering a total of 100,803.77 hectares in the King George River region of Western Australia. The Exploration Licenses were granted on January 17, 2017 for a term of five-years.

On September 3, 2018, Lithoquest Australia was granted a third exploration license covering 49,802.18 hectares contiguous with the lands covered by the Exploration Licenses. This exploration license, E80/5163, was granted for a term of five-years and will form part of the North Kimberly Diamond Project or the Property.

The North Kimberley Diamond Province, covering an estimated area of some 4,000 km², was the first kimberlite province to be discovered in Western Australia. Despite early encouragement from the discovery of diamondiferous kimberlite dykes in the mid 1970's, it was not until the 1990's during the second phase of exploration that significant diamondiferous kimberlite pipes were discovered. The diamondiferous discoveries proved not to be economically viable and exploration ceased by 2005.

The benefit of this historic exploration is that it has provided insights on the preferential regional structures influencing the emplacement of the known pipes, as well as the exploration challenges posed by deep weathering and the development of post emplacement 'infill' sediments. Bulk testing of alluvial deposits, kimberlites pipes and dykes has demonstrated that a variety of diamond populations are

Lithoquest Diamonds Inc.

Management's Discussion and Analysis
Year Ended March 31, 2019

present in the Province. Although many of the explorers have reported the occurrence of alluvial diamonds, no potential placer deposits have been identified. Large diamonds were confirmed when +10 ct sized diamonds were reported from bulk testing of the Ashmore cluster of pipes. The largest pipe discovered in the region is the weakly diamondiferous Pteropus 2 pipe, which has a surface area of 10 ha.

The Property covers the underexplored northwest portion of a prospective kimberlite corridor and is considered an early to intermediate stage exploration project.

The size of the North Kimberley Diamond Province, the range in size of the kimberlite bodies, the demonstrated variability of the diamond populations and the occurrence of large diamonds, are characteristics that when considered together support the potential for the region to host an economic diamond deposit.

The reader is directed to a NI 43-101 Technical Report available on SEDAR entitled "North Kimberley Diamond Project" (the "Report") prepared independently by T. H. Reddcliffe BSc Hons (Geol), MSc, FAUSIMM, for a fulsome description of the Property, its geology, historical work and recommended exploration program.

Exploration Activities

The Company conducted a field exploration program on the Property in December 2017. The program focused on the four highest priority targets, where composite rock samples of suspected (weathered) kimberlite collected in April 2017 yielded kimberlite indicator minerals ("KIMs"). The work included 60 line-kilometres of ground magnetic surveys, 20 line-kilometres of ground gravity surveys, geologic mapping and the collection of additional composite rock samples.

The Company also initiated desk top work to identify additional targets of interest. The work included a detailed photo-geological study as well as a review and re-interpretation of archived diamond exploration data. Historic information comprises data from several generations of airborne geophysical surveys, kimberlite indicator mineral sampling programs and exploration drilling.

On February 21, 2018, the Company announced that KIMs with diamond inclusion chemistry were recovered from the April 2017 composite rock samples obtained from four targets. All grains underwent electron microprobe analysis to confirm their composition and kimberlitic affinity. Diamond inclusion chemistry from pyrope garnet and chrome diopside was obtained from two of the targets sampled: 702 and 1604.

Number of KIM Grains Recovered from Rock Samples Collected in April 2017

Target	Sample Weight (kilograms)	Pyrope (# of grains)	Picroilmenite (# of grains)	Chrome Diopside (# of grains)
0701	5.05	2	>161	
0702	5.75	2 ^a	3	
1604	3.65			2 ^a
1605	6.85	2	1	

*Grains were recovered from the -1.00mm +0.25mm size fraction

^aOne grain returned diamond inclusion chemistry

On April 2, 2018 the Company announced that micro-diamonds were recovered from a sample of highly-weathered outcrop at target 0702. Three micro-diamonds were recovered from a 10.06 kg rock sample submitted for kimberlite indicator mineral analysis. The diamonds, two yellow and one grey, were recovered from the +0.1 mm to -0.3 mm size fraction and compositions were confirmed with a scanning electron microscope. The recovery of micro-diamonds confirms that rocks present in the vicinity of target 0702 are diamond bearing and reinforces the prospective nature of the North Kimberley Diamond Project. The sample that yielded the diamonds was collected in December 2017 from a highly-

Lithoquest Diamonds Inc.

Management's Discussion and Analysis
Year Ended March 31, 2019

weathered outcrop of suspected kimberlite at target 0702. It was included in a group of six samples (two from anomaly 1605 and four from anomaly 0702) submitted for indicator mineral testing. No kimberlite indicator minerals or micro-diamonds were recovered from the other five samples submitted.

2018 Drill Program

In the period June through September 2018, the Company conducted its 2018 field season at the North Kimberly Diamond Project. The field work was designed to drill existing high-priority targets in order to test for the presence of kimberlite, and to acquire samples of kimberlite for micro-diamond testing. The second program objective was to identify and evaluate potential drill targets using geological mapping, prospecting and ground geophysical surveying.

Two holes were drilled into target 1804. The first drill hole targeted coincident ground magnetic and gravity anomalies where indicator minerals, including diamonds, were recovered in historical loam samples. The drill hole was oriented at an azimuth of 114° degrees and inclined at -75°. Extensively clay-altered basalt was intersected from the top of the hole at 5.7 metres to 100.5 metres, followed by kimberlite breccia to 124.3 metres. Immediately following the kimberlite intersection was a carbonatized basalt which grades to a fresh basalt at 138.4 metres. Fresh basalt was present to the end of the hole at 156.6 metres.

A second hole at 1804, drilled at an inclination of -50 degrees, was collared 10 metres from the first drill hole along the same 114° azimuth. The second hole encountered sandstone from 6.9 metres to 11.1 metres followed by clay-altered basalt to 61.7 metres and fresh basalt to the end of the hole at 69.1 metres.

The kimberlite breccia is characterised by xenoliths of the local volcanic and sedimentary sequence (Figure 1).



Figure 1: 2018 Kimberlite core, Target 1804

Lithoquest Diamonds Inc.

Management's Discussion and Analysis
Year Ended March 31, 2019

Results from ground geophysical surveys over target 1804 (Figures 2 and 3) and the textures observed in the kimberlite suggest the occurrence is a pipe; however, additional drilling and petrographic work will be required to definitively determine the geometry and nature of the body.

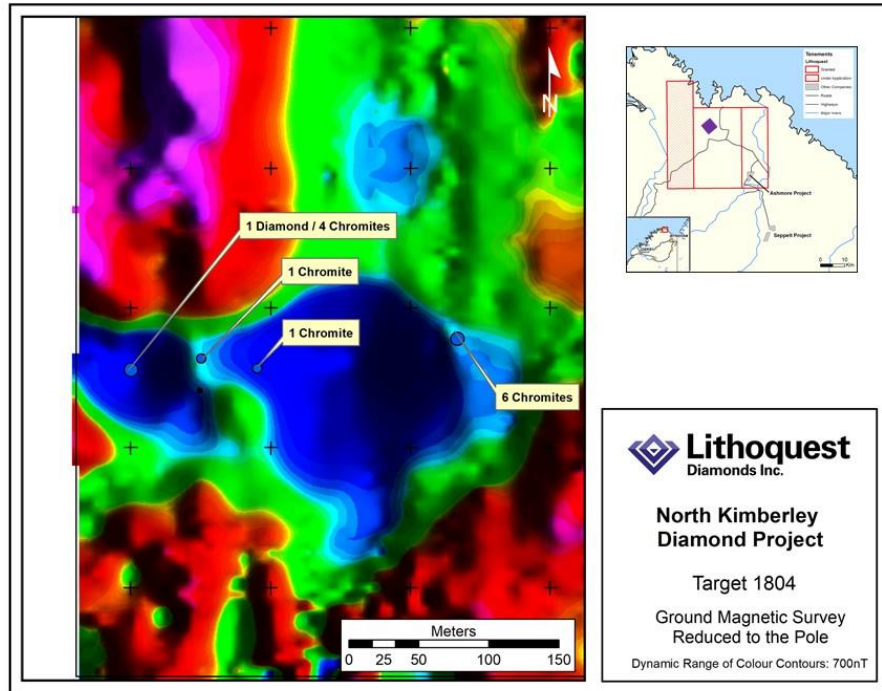


Figure 2: 2018 Ground Magnetic Survey, Target 1804

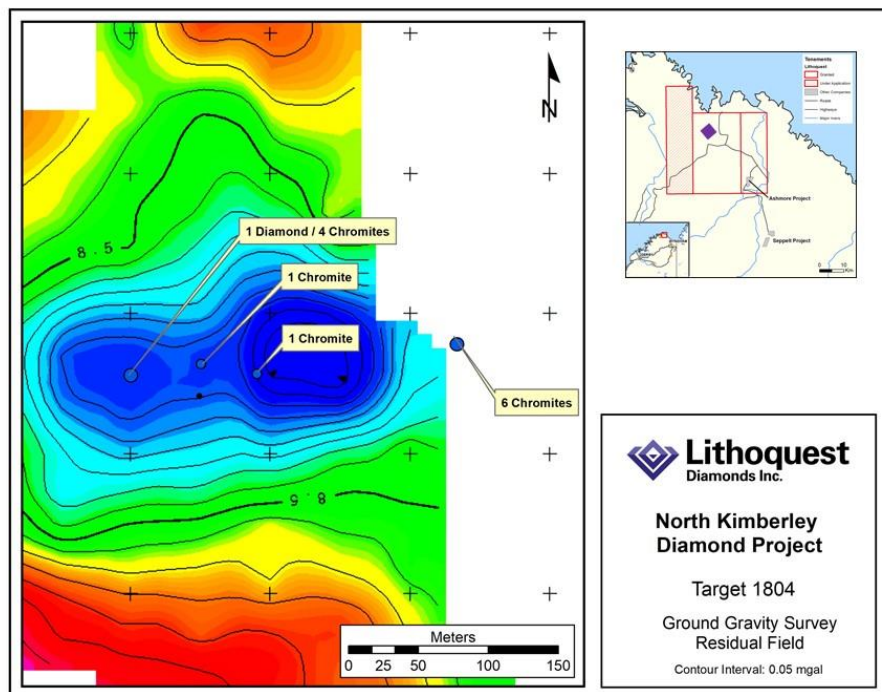


Figure 3: 2018 Gravity Survey, Target 1804

Lithoquest Diamonds Inc.

Management's Discussion and Analysis
Year Ended March 31, 2019

124.0 kilograms of kimberlite core recovered from target 1804 were submitted to the Saskatchewan Research Council for micro-diamond analysis using caustic fusion. The tests did not recover any diamonds.

Selected intervals of the core were also processed to recover kimberlite indicator minerals. KIM's from the 1804 core included pyrope garnet, chromium diopside, chromite and ilmenite. Grain morphology studies and microprobe analysis are underway.

SRK Consultants of Vancouver, BC was retained to conduct a petrographic analysis of the 1804 core. Results from the study indicate that 1804 is a highly weathered kimberlite that comprises three different units displaying both volcanoclastic and cohesive textures.

Target 1805 was tested with one drill hole. No kimberlite was intersected.

Two drill holes were completed at Target 701. Both drill holes targeted gravity anomalies in the immediate vicinity of rock samples that yielded kimberlite indicator minerals. No kimberlite was intersected in either hole. The historical record indicates that the KGB-2 kimberlite dyke is located in the vicinity of Target 701; however, publicly available information suggests that the rock samples collected by the Company have different mineralogy than KGB-2. The source of the high interest indicator minerals remains unexplained and additional kimberlite indicator mineral sampling and geophysical surveying will be required.

Two holes were also completed at Target 702. The first hole was drilled to a depth of 279 metres at an inclination of -60° to target the area where the Company recovered micro-diamonds from a small sample of outcrop. The hole was oriented to pass directly below the micro-diamond occurrence. The hole intersected 12 metres of overburden before encountering basalt to the end of the hole. A second hole was drilled to test a gravity anomaly located north of the micro-diamond occurrence. Approximately 40 metres of mixed sand and clay were encountered at the top of the hole, followed by 16 metres of altered basalt.

One drill hole was completed at Target 1604. The hole tested a circular topographic feature where kimberlite indicator minerals were recovered by the Company. No kimberlite was intersected and further kimberlite indicator mineral sampling and geophysical surveying will be the next step required in an effort to determine the source of the indicators recovered.

Other Field Activities

In addition to drilling, the 2018 field program included rock, loam and stream sediment sampling, as well as ground geophysical surveys and mapping. Twenty-two samples were collected from several areas of interest. The samples were submitted to Diamond Recovery Services, an independent Australian laboratory based in Perth, for the recovery of KIM's. Thirteen of the samples returned KIM's, including one microdiamond. Abundant chromite grains were recovered from four target areas, including one sample that yielded more than 3,000 grains.

The Company believes that the presence of this concentration of indicator minerals suggests that the samples were collected close to a kimberlite source. Picro-ilmenite grains were also observed in several samples and a single microdiamond was recovered from a stream sediment sample. The microdiamond is described as a whole, largely unresorbed, octahedral crystal with a pale brown colour.

Airborne Magnetic Survey

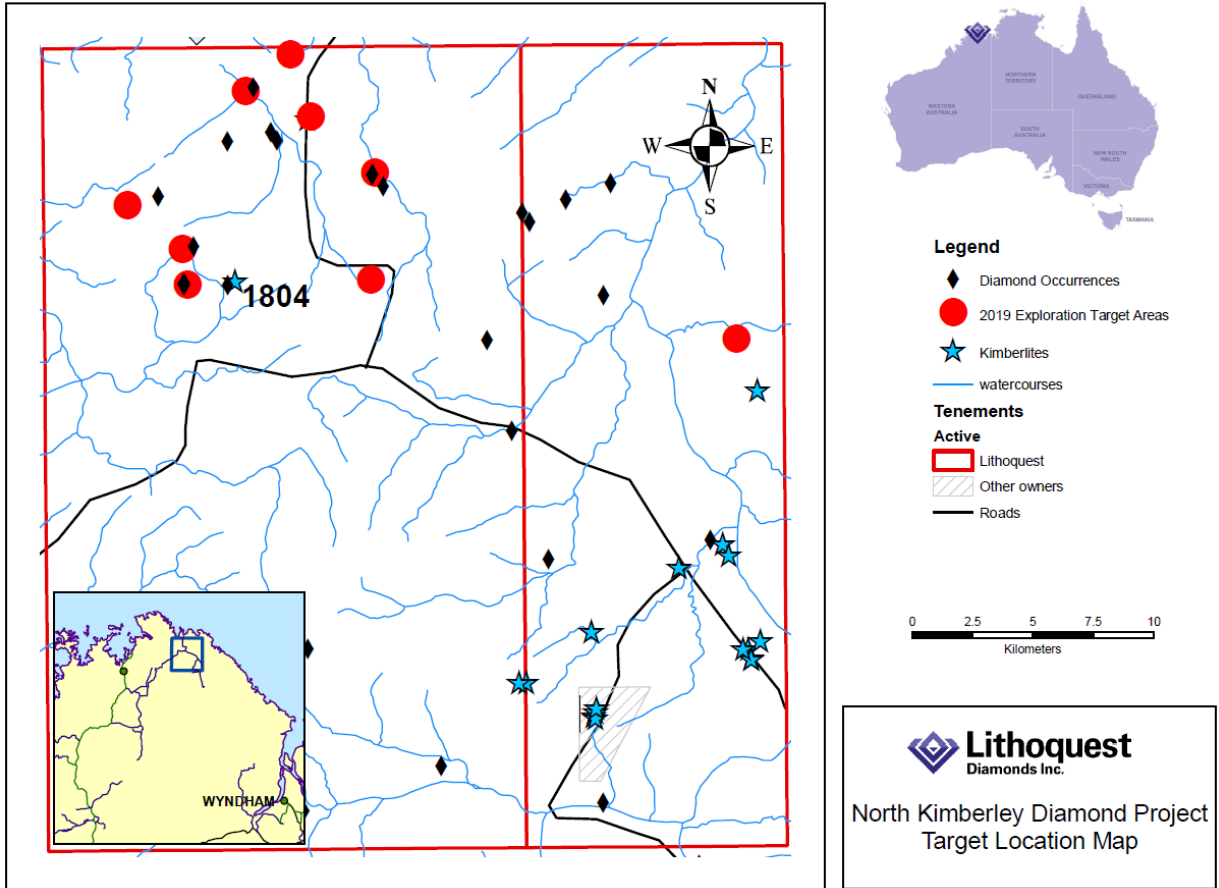
In November 2018, the Company conducted a high-definition airborne magnetic survey over a key target area on the North Kimberley Diamond Project. The survey was designed to identify targets similar to 1804 in an area of the property where high-interest kimberlite indicator minerals have been recovered.

Lithoquest Diamonds Inc.

Management's Discussion and Analysis
Year Ended March 31, 2019

Approximately 7,550 line-kilometres of magnetic data was collected using a helicopter-based system. The survey area measures approximately 300 square kilometres and will include the 1804 kimberlite. Data was collected along 50 metre spaced survey lines oriented in a N-S direction, with a maximum sensor height of 25 metres and control lines spaced at 500 metres.

Based on the Company's analysis of the field sample results, together with data produced from the airborne magnetic survey, it has identified and defined nine drill targets for the 2019 field season pictured in the following map.



The Company has commenced its 2019 field program. See “*Subsequent Events*”.

Exploration Expenditures

The following table sets forth a breakdown of the material components of the Company's exploration and land administration expenditures for the years ended March 31, 2019 and 2018, and cumulatively for its work on the North Kimberley Diamond Project.

Lithoquest Diamonds Inc.

Management's Discussion and Analysis
Year Ended March 31, 2019

	Year Ended March 31,		Cumulative
	2019	2018	
North Kimberly Diamond Project			
Drilling	\$ 392,539	\$ -	\$ 392,539
Geological	266,227	133,402	441,712
Geophysical	367,191	50,330	417,521
Environmental and permitting	-	819	819
Laboratory	57,962	39,284	97,246
Local community	190,288	100,170	298,783
Site operations	675,208	27,781	719,440
Technical reports	33,704	23,601	62,256
Project management	160,913	72,928	253,841
Land administration	123,181	92,662	275,237
Local administration	45,253	34,896	85,909
Finder's fee	-	-	15,000
	<u>\$ 2,312,466</u>	<u>\$ 575,873</u>	<u>\$ 3,060,303</u>

Outlook

As of the date of this MD&A, the Company has commenced its 2019 field exploration program at the North Kimberly Diamond Project which will include drilling. See "Subsequent Events" for additional details regarding the 2019 field exploration season.

Selected Annual Information

The following selected annual financial data has been obtained from the Company's annual consolidated financial statements, which were prepared in accordance with IFRS.

	Year Ended March 31,		
	2019	2018	2017
Revenue	\$0	\$0	\$0
Net Loss	\$1,523,454	\$3,481,166	\$301,301
Loss per share, basic and diluted	\$0.03	\$0.12	\$0.03

	As at March 31,		
	2019	2018	2017
Mineral properties	\$3,060,303	\$747,837	\$171,964
Total assets	\$4,284,073	\$5,406,038	\$387,504
Current liabilities	\$399,296	\$362,238	\$117,397

Lithoquest Diamonds Inc.

Management's Discussion and Analysis
Year Ended March 31, 2019

For the year ended March 31, 2019, the Company reported a net loss of \$1,523,454 (2018 - \$3,481,166), comprised primarily of management and consulting fees of \$486,238 (2018 - \$372,263), marketing and corporate development expenses of \$441,279 (2018 - \$98,678), travel expenses of \$126,095 (2018 - \$56,671) and stock-based compensation of \$322,700 (2018 - \$796,190).

2019 was the first full year of operations following the RTO in November 2017. This mainly explains the increased expense levels. The increase in management and consulting fees reflects the full year of operations and includes the cost of a capital markets advisory contract. Marketing and corporate development expenses increased \$342,601 consistent with the increase in marketing and development activities for the full year. Travel expenses increased \$69,478 mainly in support of increased marketing activities. Professional fees decreased \$54,597 mainly as a result of taking certain activities in-house.

Summary of Quarterly Results

The selected quarterly financial information for the past eight financial quarters is outlined below. The information has been prepared in accordance with IFRS.

	Three Months Ended			
	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018
Net Loss	\$243,240	\$457,288	\$359,682	\$463,244
Loss per share, basic and diluted	\$0.01	\$0.01	\$0.01	\$0.01

	Three Months Ended			
	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017
Net Loss	\$677,695	\$2,491,769	\$176,158	\$135,544
Loss per share, basic and diluted	\$0.01	\$0.08	\$0.02	\$0.02

Discussion of Quarterly Variations

The timing of stock-based compensation expense impacts the variation of quarterly results. For the full fiscal year ended March 31, 2019, stock-based compensation was \$322,700 (2018 - \$796,190). The quarterly amount of the expense is tied to the timing of the award and the vesting period, among other factors.

Excluding stock-based compensation, the quarterly losses for 2019 were: Q4 \$243,240, Q3 \$305,788, Q2 \$290,482, and Q1 \$361,244. Marketing costs are significantly impacted by the timing of shows and other events in which the Company participates. The first quarter was the busiest for such marketing with costs \$65,349 higher than the average of the following three quarters.

The prior year's quarterly figures are also impacted by the listing expense which relates to the one-time RTO transaction which occurred during the third quarter of the prior year.

Excluding stock-based compensation and listing expense, the quarterly losses for 2018 were: Q4 \$219,487, Q3 \$155,598, Q2 \$176,158, and Q1 \$135,544. Marketing activity stepped up in Q4 with a cost of \$56,312, compared to an average of \$14,122 in the first three quarters of the year. Consulting

Lithoquest Diamonds Inc.

Management's Discussion and Analysis
Year Ended March 31, 2019

fees in Q4 were \$66,263 and were not present in previous quarters. These costs relate mainly to the increased support for marketing and capital markets work.

Fourth Quarter 2019 Financial Review

During the fourth quarter, the Company used cash of \$125,254 in operating activities, \$227,471 in exploration activities and \$4,044 in finance activities. The cash position decreased by \$356,769 to \$1,172,346 at March 31, 2019.

Liquidity and Capital Resources

The Company generates cash solely through financing activities. During year ended March 31, 2019, the Company did not conduct a financing but raised gross proceeds of \$45,775 through the issuance of common shares upon the exercise of warrants. At March 31, 2019, the Company had cash of \$1,172,346 and working capital of \$824,474. Subsequent to the year end, the Company completed the first tranche of a non-brokered private placement receiving aggregate gross proceeds of \$978,000 See "*Subsequent Events*".

The Company's working capital will be used to fund, among other things, continued exploration of its North Kimberley Diamond Project in Western Australia and for the general corporate and working capital expenses of the Company.

Under existing plans, the Company believes that it currently has sufficient capital resources available to meet its working capital needs for the coming year. The Company is involved in early stage exploration and data analysis. It has no current sources of revenue and does not anticipate receiving revenue in the foreseeable future. It is highly likely that it will continue to depend on equity financings in the future. The availability of future funding will depend on factors that include market conditions and the Company's exploration results.

As of the date of this MD&A, the Company has commenced its 2019 field exploration program and, in the process, is committed to most of the estimated \$850,000 cost of the first phase of the program. The second phase, which is expected to be completed in August / September and include drilling, will be planned after the results from the first phase are received and analyzed. The Company has no other material commitments.

Off-Balance Sheet Arrangements

The Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

Related-Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel receive compensation in the form of short-term employee benefits. Key management personnel include the directors and officers of the Company. The remuneration of key management during the years ended March 31, 2019 and 2018 is as follows:

Lithoquest Diamonds Inc.

Management's Discussion and Analysis
Year Ended March 31, 2019

	2019	2018
Management fees	\$ 252,000	\$ 306,000
Share-based payments	182,840	448,220
	\$ 434,840	\$ 754,220

At March 31, 2019, accounts payable include amounts due to related parties of \$16,459 (2018 - \$13,000). These amounts are due on demand, non-interest bearing and are unsecured.

These transactions were in the normal course of business and were measured at the exchange amount. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

Proposed Transactions

As of the date of this MD&A, there have been no transactions of a material nature proposed.

Adoption of New or Amended Accounting Standards

The following new standards, and amendments to standards and interpretations, are effective for the period ended March 31, 2019, and have been applied in preparing these consolidated financial statements:

IFRS 9 Financial Instruments – In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments (“IFRS 9”) to replace IAS 30 – Financial Instruments: Recognition and Measurement in its entirety. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking ‘expected-loss’ impairment model, as well as a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted IFRS 9 retrospectively, without restatement of prior year consolidated financial statements.

The Company assessed that there was no significant impact to the consolidated financial statements on the adoption of classification and measurement of its financial instruments, the classification under the new and old standard is set out below:

Financial Instrument	IAS 39	IFRS 9
Cash	FVTPL	FVTPL
Accounts payable	Other financial liabilities	Amortized cost

Lithoquest Diamonds Inc.

Management's Discussion and Analysis
Year Ended March 31, 2019

New Accounting Standards Issued but Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended March 31, 2019, and have not been applied in preparing the consolidated financial statements.

Accounting standards effective for annual periods beginning on or after January 1, 2019

Effective for annual periods beginning on January 1, 2019

IFRS 16 Leases – IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

IFRIC 23 Uncertainty over Income Tax Treatments – IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation requires: (a) an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

These new standards, amendments and interpretations have not been early adopted in the consolidated financial statements and are not expected to have a material effect on the Company's future results and financial position.

Financial Instruments

At March 31, 2019, the Company's financial instruments consist of cash and accounts payable.

Fair Values - The carrying amounts of cash and accounts payable approximate their fair value because of the short-term maturity of these instruments.

Currency Risk - The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable that are denominated in Australian dollars. Management does not maintain large cash balances in Australian dollars and does not hedge its exposure to foreign exchange risk as it believes its current exposure to exchange rate fluctuations is minimal.

Interest rate risk - The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

Credit Risk - Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

Liquidity risk - In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

Lithoquest Diamonds Inc.

Management's Discussion and Analysis
Year Ended March 31, 2019

Subsequent Events

2019 Field Season

The 2019 field program commenced in June 2019 and is being conducted in two phases. The first phase is concentrating on assessing prospective areas identified by the Company with the objective of selecting and prioritizing targets for drill testing. Exploration activities during this period included geological mapping, prospecting, ground geophysical surveying and sampling for kimberlite indicator minerals. The second phase of the field program will focus on testing the most prospective kimberlite targets using a reverse circulation drill. Phase two is expected to commence in late August.

Financing

On July 10, 2019 the Company closed a first tranche of a non-brokered private placement in which it issued 9,780,000 common shares at a price of \$0.10 per common share, received aggregate gross proceeds of \$978,000 and paid finder's fees of \$40,980.

The Company also granted a net smelter royalty ("NSR") on the Company's ownership interest in the North Kimberly Diamond Project to the participants in the private placement. The royalty rate of the NSR was determined at the ratio of 1% per \$1,000,000 of gross proceeds.

Disclosure of Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares without par value. On July 24, 2019, there were 55,848,547 common shares issued and outstanding, 4,400,000 stock options outstanding with a weighted average exercise price of \$0.28, expiring between 2022 and 2023, and 17,439,386 warrants with a weighted average exercise price of \$0.35, expiring November 23, 2019.

Risks and Uncertainties

Mining Risks

The Company is subject to the risks typical in the mining business including uncertainty of success in exploration and development; operational risks including unusual and unexpected geological formations, rock bursts, particularly as mining moves into deeper levels, cave-ins, flooding and other conditions involved in the drilling and removal of material as well as environmental damage and other hazards; risks that intended drilling schedules or estimated costs will not be achieved; and risks of fluctuations in the price of commodities and currency exchange rates. Mineral prices are subject to volatile price movements over short periods of time and are affected by numerous factors, all of which are beyond the Company's control, including expectations of inflation, levels of interest rates, sale of gold by central banks, the demand for commodities, global or regional political, economic and banking crises and production rates in major producing regions. The aggregate effect of these factors is impossible to predict with any degree of certainty.

Business Risks

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations.

Lithoquest Diamonds Inc.

Management's Discussion and Analysis
Year Ended March 31, 2019

Financial risks include commodity prices, interest rates and foreign exchange rates, all of which are beyond the Company's control.

Regulatory risks include possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company and include increased fees for filings as well as the introduction of ever more complex reporting requirements, the cost of which the Company must meet to maintain its exchange listing.

Competition

The mineral exploration and mining business is competitive in all its phases. The Company will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive exploration and evaluation properties. The Company's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable prospects for mineral exploration or development. There is no assurance that the Company will be able to compete successfully with others in acquiring such prospects.

No Operating History and Financial Resources

The Company does not have an operating history and has no operating revenues and is unlikely to generate any in the foreseeable future. It anticipates that its cash resources will be sufficient to cover its projected funding requirements for the ensuing year. If its exploration program is successful, additional funds will be required for further exploration to prove economic deposits and to bring such deposits to production. Additional funds will also be required for the Company to acquire and explore other mineral interests. The Company has limited financial resources and there is no assurance that sufficient additional funding will be available to it fulfill its obligations or for further exploration and development, on acceptable terms or at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to forfeit its interests in some or all of its properties or to reduce or terminate its operations.

Price Volatility and Lack of Active Market

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly.

Key Executives

The Company is dependent on the services of key executives and a small number of highly skilled and experienced consultants and personnel, whose contributions to the immediate future operations of the Company are likely to be of importance. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled employees or consultants may adversely affect its business and future operations. The Company does not currently carry any key man life insurance on any of its executives.

Lithoquest Diamonds Inc.

Management's Discussion and Analysis
Year Ended March 31, 2019

Potential Conflicts of Interest

Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

Dividends

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the Board of Directors of the Company and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of the Company deem relevant.

Nature of the Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

Qualified Person

The content of the sections of this MD&A entitled "Discussion of Operations – Australia Diamond Project" and "Discussion of Operations – Exploration Activities" have been approved by Bruce Counts, B.A. Sc, P.Geo., who is a Qualified Person as defined by NI 43-101 and President, CEO and a Director of Lithoquest Diamonds.

Forward-Looking Statements & Cautionary Factors that may Affect Future Results

Certain statements contained in this MD&A constitute forward-looking statements, within the meaning of Canadian securities regulations. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, assumptions or future events or performance (often using words such as "plan", "estimate", "expect", "will", "believe" and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements contained in this MD&A include but are not limited to statements relating to the sufficiency of the Company's capital resources, exposure to exchange rate fluctuations, plans for and the duration of the exploration field work program, and expected expenditures of the Company. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth above. The Company assumes no obligation to update or revise forward looking statements to reflect new events or circumstances except as required by law.

Additional Information

Additional information relating to the Company is available on the SEDAR website, www.sedar.com.