Talisker RESOURCES

Management's Discussion and Analysis

For the three month period ended March 31, 2019

(in Canadian dollars unless otherwise noted)

Management's discussion and analysis ("MD&A") is current to May 30, 2019 and is management's assessment of the operations and the financial results together with future prospects of Talisker Resources Ltd. (formerly Eurocontrol Technics Group Inc.) ("Talisker" or the "Company"). This MD&A should be read in conjunction with the Company's unaudited interim condensed financial statements for the three month periods ended March 31, 2019 and 2018 and notes thereto and the Company's audited consolidated financial statements for the years ended December 31, 2018 and 2017 and notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless stated otherwise. Additional information relevant to Talisker's activities, including Talisker's press releases can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis ("MD&A") contains certain statements that may be deemed "forward-looking statements," within the meaning of certain securities laws. Forward-looking statements relate to management's expectations or beliefs about future performance, events, or circumstances that include, but are not limited to, reserve or resource potential, exploration and operational activities, and events or developments that the Company expects or targets. Forward-looking statements can usually be identified by words such as: "future", "plans", "scheduled", "expects", "intends", "estimates", "forecasts", "will", "may", "could", "would", and variations thereof. Although the Company believes that these statements are based on reasonable assumptions, all forward-looking statements involve known and unknown risks and uncertainties that may cause the actual performance, events, or circumstances of the Company to be materially different than anticipated. The forward-looking information in this MD&A describes the Company's expectations as of the date of this MD&A.

The results or events anticipated or predicted in such forward-looking information may differ materially from actual results or events. The Company and its operations are also subject to a large number of risks, including: the Company's liquidity and financing capability, fluctuations in gold prices, market conditions, results of current exploration activities, the possibility of a labour stoppage or shortage, delays in obtaining government permits and approvals and such other risks as discussed herein and in other publicly filed disclosure documents. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in such forward-looking statements, there may be other factors that cause performance, events, or circumstances to differ materially from those described in forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate. Accordingly, readers should not try to place undue reliance on forward-looking statements contained in this MD&A.

The Company cautions that the foregoing list of material factors is not exhaustive. When relying on the Company's forward-looking information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company has assumed a certain progression, which may not be realized. It has also assumed that the material factors referred to in the previous paragraph will not cause such forward-looking information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors.

Forward-looking statements are based on management's current plans, estimates, projections, beliefs, and opinions and Talisker does not undertake any obligation to update forward-looking statements should the assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by law.

BUSINESS OVERVIEW, RECENT DEVELOPMENTS, OUTLOOK AND STRATEGY

RECENT DEVELOPMENTS

Change of Business

On January 24, 2019, the Company entered into an asset purchase agreement (the "Purchase Agreement") to acquire Sable Resources Ltd.'s ("Sable") mineral resource properties located in the Province of British Columbia and certain related assets (the "B.C. Properties") in exchange for paying Sable $500,000 in cash and issuing Sable 30,000,000 post-consolidation shares at the time of closing and granting Sable, on the closing date, a 1.0% net smelter return royalty on each of the B.C. Properties and assuming certain liabilities relating to the B.C. Properties (the "Transaction"). Additionally, in connection with the Transaction, Eurocontrol planned to:

1. consolidate its outstanding shares on the basis of one post-consolidation share for each four shares;
2. change its name to "Talisker Resources Ltd."; and
3. apply to the Canadian Securities Exchange (the "CSE") to have its shares listed and posted for trading on the CSE and apply to the TSX Venture Exchange ("TSXV") to have its shares delisted from the TSXV upon completion of the Transaction.

On March 29, 2019, shareholders approved the Transaction resolution and other related items of business and on April 17, 2019, the Company filed Articles of Amendment to change its name to Talisker Resources Ltd. and to consolidate its shares on a 1 for 4 basis. Post consolidation of the Company's shares, but prior to closing, Talisker completed an offering (the "Offering") of 11,730,000 subscription receipts (each, a "Subscription Receipt"), at a price of $0.20 per Subscription Receipt, for gross proceeds of $2,346,000 (the "Private Placement"). Following completion of the Transaction on April 18, 2019, the gross proceeds from the Offering were released to Talisker, and all of the Subscription Receipts were automatically exchanged for units (each, a "Unit") of Talisker. Each "Unit" was comprised of one common share of Talisker, and one common share purchase warrant of Talisker (each, a "Warrant"). Each "Warrant" entitling the holder to acquire a further common share of Talisker at a price of $0.30 for a period of 24 months, subject to accelerated expiry in the event the closing price of the shares of Talisker is greater than $0.50 for ten consecutive trading days.

Post closing of the Transaction, the Company commenced exploration work on its B.C. Properties with initial exploration activities focused on Spences Bridge. Below is a description of the B.C. Properties.

The B.C. Properties

The B.C. Properties consist of several early to advanced stage projects. The Toodoggone projects include the past producing Baker Gold/Silver Project; the Shasta Mine and Baker mill infrastructure and equipment; the Chappelle (Baker and Multinational Mines) Property; the Mets Lease and the Bot Property. South-central B.C. projects include the Tulox Property, the WCGG Properties, and the Spences Bridge Regional Program.

Baker and Multinational Mines

The Baker Project is located in the Toodoggone region of the Omineca Mining Division, 430 km northwest of Prince George, British Columbia. The Baker Project is situated 35 km northwest of the former Kemess South open pit gold-copper mine and consists of 54 mineral claims, and two mining leases covering 6,601 hectares of land that encompass the past-producing Dupont-Baker 'A' and Multinational 'B' underground gold-silver mines and the past-producing Shasta open pit/underground gold-silver mine, and the Baker mill and tailings storage facility.

Talisker RESOURCES

Shasta Mine & Baker Infrastructure and Equipment

The Shasta Mine is located 9 km east from Sable's processing and camp facilities. Production began in 1989 and has been operated by Sable intermittently until 2012 when the mine was put on care-and-maintenance. Historical production from the Shasta mine primarily occurred during the periods 1989-1991 (JM and D zones), and 2008-2012 (Creek zone). The mine production was processed at Sable's Baker mill, commonly at rates of 200-250 ton/day, where gold and silver dore was produced for sale. There are two Production Leases, one at the Chappelle Property (P.L. No. 13, Lot 1048) and one at Shasta Mine (P.L. No. 48). Permitted tailings and waste facilities are used.

Chappelle (Baker and Multinational Mines) Property

The Chappelle ground covers the historically mined Dupont/Baker 'A' vein mine, and the Multinational 'B' vein mines. The Baker Mine (referred to as the Dupont/Baker 'A' deposit) was operated by Dupont Canada during the period 1981–1983 as an underground and open pit gold - silver mine. The Dupont operation included a 90 tons per day whole ore cyanidation plant using the Merrill-Crowe process. Historical production from the Dupont/Baker miner totalled 81,878 tonnes producing 1,283,973 grams (41,285 ounces) gold, 23,812,572 grams (765,677 ounces) silver and 13,076 kilograms copper. Sable acquired the Baker site including the processing facility in 1989 and subsequently modified it to a flotation circuit with optional concentrate cyanidation.

Mets Lease

The Mets Lease is located approximately 20 km north of the Baker and Multinational Mines. The mining lease covers 2 km^2 and is subject to a 1% NSR which can be purchased at any time for Canadian $500,000. Historical work performed on the property dating back to the discovery of mineralization in the mid 1980's consisted of 8,784m of diamond drilling, geological and geochemical surveys.

Bot Property

The Bot Property consists of 3,273 ha of mineral tenure in the Toodoggone district and is located approximately 35 km north of Sable's Baker milling facilities in northern British Columbia. Previous work completed in 2004 and 2006 outlined significant mineralization on the property.

Tulox Property

The Tulox Project is located in south-central British Columbia and consists of 18 contiguous mineral claims that encompass an area of 14,753.4 hectares. Mineralisation occurs along the contact of the intrusive and is interpreted to be of Intrusion Related type (IRGS). A robust soil anomaly defined by numerous multi-line, multi-station values above 80ppb is coincident with the contact of 2 felsic intrusive bodies, distinguished by differing Thorium-Potassium gamma ray spectrometer signatures.

WCGG Properties

WCGG Properties consist of early stage exploration projects in southern and central British Columbia (Tulameen South, New Bluejay and Sauchi Creek Projects). The projects were staked directly by WCGG based upon ongoing review of the B.C. Minfile, ARIS, geological, geophysical and land tenure database. Each of the properties contains composite mineral occurrence and geochemical-geophysical anomalies that support potential for the properties to host exploitable mineral resources.

Spences Bridge Regional Program

The Spences Bridge Regional Program consists of a 226,035-hectare land packaging of the Spences Bridge Gold Belt in southern British Columbia. A strategic alliance has been formed with Westhaven Ventures Inc. ("Westhaven") who owns the Shovelnose Project contiguous to Talisker's claims. Under the strategic alliance, any ground staked by Talisker within 5 km of Westhaven's existing projects will be subject to a 2.5% net smelter royalty. Additionally, Westhaven has a 30 day right of first refusal for a three-year period for any properties within the same 5 km radius.

Sale of Former Israel Business Operations

On September 14, 2018, the Company entered into a share purchase agreement (the "Agreement") with DYG Holdings Ltd. (the "Purchaser"), pursuant to which the Company agreed to sell all of the shares of its Israeli subsidiaries to the Purchaser representing a sale of all of the Company's former operating business (the "Sale Transaction"). The Company entered into the Agreement in order to complete its process of winding up its operations in Israel. Under the terms of the Agreement, the Company agreed to sell all of the issued and outstanding shares of Xenemetrix Ltd., Croptimal Ltd., and Xwinsys Technology Development Ltd. (the "Discontinued Subsidiaries") for nominal consideration and the possibility of receiving post-closing earn-out payments, only if the Purchaser succeeds in re-establishing the business of the Discontinued Subsidiaries and realizing profits during the earn out period ending December 31, 2025. Any such earn-out payments would represent 20% of the net profit of the purchased companies, after various adjustments up to a maximum of $4,000,000. The Agreement contained only basic representations and warranties and the sale was completed substantially on an "as is where is" basis.

On October 31, 2018, the Sale Transaction was approved by shareholders at a special meeting of shareholders and the Sale Transaction was finalized.

In its news release issued on July 31, 2018, the Company first announced its plans to discontinue its Israeli operations and that it had entered into a comprehensive agreement with SICPA Finance ("SICPA Finance"), SICPA SA, and SICPA Global Fluids Integrity SA ("GFI") that terminated the long term supply, maintenance and support agreement between Xenemetrix and GFI and settled the outstanding amount owing to the Company by SICPA Finance (the "SICPA Termination Agreement"). Under the terms of the SICPA Termination Agreement, SICPA Finance agreed to pay the Company a total of $3,400,000 in full satisfaction of all of the remaining net revenue based earn-out obligations owed by it to the Company in connection with its sale of GFI to SICPA, payable in installments of $800,000, $1,300,000 and $1,300,000 on August 2, 2018, October 1, 2018 and January 3, 2019, respectively. The SICPA Termination Agreement was entered into by the Company to help facilitate an orderly transition of its business, eliminate risk and to strengthen its short-term cash position.

Claim

On June 21, 2018, Yellow Brick Capital Advisers (UK) Limited filed a claim against the Company, its subsidiary, Croptimal Ltd., and one of its officers in the Magistrates Court, in Tel Aviv, Israel. The lawsuit alleges that the Company and one of its officers lacked good faith in carrying out and terminating negotiations for a possible sale of the shares of Croptimal Ltd. In its claim, the plaintiff seeks monetary damages of 518,459 New Israeli Shekels (approximately, 185,245 Canadian dollars). The Company's management believes the claim is without merit. A Statement of Defence and a Counter-Claim have been filed in the Magistrates Court, in Tel Aviv, Israel.

For a discussion of certain risks, please refer to the Risks and Uncertainties section of this MD&A.

OUTLOOK AND STRATEGY

On April 30th, Talisker announced the staking of an additional 33,321 hectares in two packages covering what the Company interprets as newly identified extensions of the Cretaceous Spences Bridge Gold Belt in South Central British Columbia, Canada. These two packages increased Talisker's dominant land position within South Central B.C giving the Company an accumulated 226,035 hectares between three main blocks. The Remington claim package consists of 31,651 hectares distributed between 20 contiguous claims located 34 kilometers west of the northern tip of the Talisker's Spences Bridge Gold Project. The Remington package was staked based on upper level epithermal geochemical signatures identified in historic government and assessment data within the Cretaceous Bridge River group sedimentary and volcanic rocks. The Bridge River Formation is a 30-kilometer long by 10 kilometer wide under explored belt that Talisker believes to be prospective for Low-Sulphidation Epithermal Gold Systems. The Lola claim is a single 1,670 hectare claim in the Cadwallader Terrane. Talisker interprets identified Hg, Sb, Ag and Au geochemical signatures reported in historic government data to be indicative of low sulphidation gold systems.

On May 10th, Talisker commenced a regional stream sediment and geological reconnaissance program for the Spences Bridge land package. The phase 1 program consisting of a planned collection of 4,500 stream samples will be executed over the coming two field seasons. Sediment samples taken from the 80 mesh fraction from first-order drainages will be analyzed for gold, multi-element and vapor phase elements known as pathfinders for upper level epithermal systems. A team of 22 geologists has been trained and will execute the phase 1 program. In parallel to the regional geochemistry program, a detailed phase 2 program consisting of alteration and geological mapping, soil and rock chip sampling and in some cases geophysics to identify resistors will be conducted over selected anomalies identified in the phase 1 program, as well as from previously identified government mineral file occurrences and historic anomalies identified in assessment reporting. Active negotiations with small third party claim holders will continue with a view to fully consolidate the belt.

LEADERSHIP TEAM

Terence Harbort – Director, President and Chief Executive Officer (3)
Andres Tinajero – Director, Chief Financial Officer (2*)
Charlotte May – Corporate Secretary
Thomas Obradovich – Chairman (1)(2*)(3*)
Brent Gilchrist – Director (1)
Paul Wood – Director
Blair Zaritsky – Director (1*)

Notes:
(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Health, Safety and Environment Committee
* Denotes Committee Chair

Additional information on Talisker's leadership team is available at www.taliskerresources.com.

SUMMARIZED FINANCIAL RESULTS

	Three Months Ended March 31, 2019 $	Three Months Ended March 31, 2018 $
Revenue - discontinued operations	-	348,317
Cost of sales - discontinued operations		
Cost of sales - direct production costs	-	(237,095)
Cost of sales - amortization and other non cash items	-	(12,485)
	-	(249,580)
Gross profit - discontinued operations	-	98,737
Expenses from continuing operations	(204,474)	(448,475)
Expenses from discontinued operations	-	(1,553,567)
Other (expense) income - continuing operations	6,235	142,686
Other (expense) income - discontinued operations	-	9,274
Net loss - continuing operations	(198,239)	(305,789)
Net loss - discontinued operations	-	(1,445,556)
Net loss	(198,239)	(1,751,345)
Basic and diluted loss per share		
- from continuing operations	(0.00)	-
- from discontinued operations	-	(0.02)
- net loss	(0.00)	(0.02)
EBITDA	(213,022)	(1,839,572)
EBIT	(213,022)	(1,883,104)

RESULTS OF OPERATIONS

EBITDA for the three month period ended March 31, 2019 improved by $1,626,550 to $(213,022) compared to $(1,839,572) for 2018. EBITDA for the three month period ended March 31, 2019 improved in comparison to 2018 primarily due to the sale of the subsidiaries in Israel and the elimination of recurring costs of discontinued operations.

For the three month period ended March 31, 2019, net loss amounted to $198,239, which is lower than the net loss of $1,751,345 in 2018. The lower net loss is due to sale of the subsidiaries in Israel and the elimination of recurring costs of discontinued operations.

Expenses

Expenses from continuing operations of $204,474 for the three month period ended March 31, 2019, decreased in comparison with the expenses of $448,475 for the three month period ended March 31, 2018. The decrease for the period is primarily due to the following variances with remaining expenditures remaining consistent between the two periods:

- Consulting and management expenses decreased from $394,250 for the three month period ended March 31, 2018 to $120,000 for the three month period ended March 31, 2019. The decrease is due to severance payments made to the former CEO in the first quarter of the prior fiscal year.

- Administration expenses increased to $65,811 for the three month period ended March 31, 2019 from $36,841 for the same period in 2018 due to an increase in professional fees related to the change of business and transaction with Sable discussed above.

Discontinued operations

Revenue from discontinued operations for the three month period ended March 31, 2019 decreased to $nil (US$nil) from $348,317 (US$275,524) for the three month period ended March 31, 2018, as the Company sold the Israeli subsidiaries during the year ended December 31, 2018.

Expenses from discontinued operations of $nil for the three month period ended March 31, 2019 decreased in comparison with the expenses of $1,553,567 for the three month period ended March 31, 2018, as the Company sold the Israeli subsidiaries during the year ended December 31, 2018. Expenses from discontinued operations in the prior period related primarily to research and development costs, and sales and administration costs.

Other Income/Expenses

The Company also incurred a foreign exchange translation loss of $8,548 for the three month period ended March 31, 2019, compared to a gain of $10,927 for the three month period ended March 31, 2018.

The Company also recorded interest accretion income of $nil (2018 - $121,185) during the three month period ended March 31, 2019, representing interest accretion on the long term portion of the earn out proceeds receivable from SICPA as per the terms of the sale of GFI. The receivable was settled during the year ended December 31, 2018 as such, interest accretion is no longer recurrng.

SELECTED FINANCIAL INFORMATION

The information below should be read in conjunction with the condensed interim financial statements and related notes and other financial information. The following is for the periods ended:

	Three Months Ended March 31, 2019	**Year Ended December 31, 2018**	**Year Ended December 31, 2017**
	$	$	$
Revenue – discontinued operations	-	1,168,726	2,701,010
Income (Loss)			
- from continuing operations	(198,239)	(2,959,533)	(144,129)
- from discontinued operations	-	(5,912,546)	(5,279,453)
- net income (loss)	(198,239)	(8,872,079)	(5,423,582)
Income (Loss) per share			
- from continuing operations	(0.00)	(0.03)	(0.06)
- from discontinued operations	-	(0.06)	-
- net income (loss)	(0.00)	(0.10)	(0.06)
Total assets at end of period/year	4,170,382	4,797,461	14,541,868

SUMMARY OF QUARTERLY RESULTS

The following tables set forth selected financial information for each of the Company's eight most recently completed quarters:

	Q1 2019 $	Q4 2018 $	Q3 2018 $	Q2 2018 $
Revenue – discontinued operations	-	349,329	143,111	327,969
Cost of sales – discontinued operations	-	(118,795)	(138,324)	(292,544)
Gross profit – discontinued operations	-	230,534	4,787	35,425
Expenses	(204,474)	(329,998)	(906,132)	(227,203)
Expenses – discontinued operations	-	(278,336)	(2,421,604)	(1,605,985)
Other income (expense)	14,783	(435,582)	(1,685,572)	127,263
Foreign exchange gain (loss)	(8,548)	358,256	5,425	7,988
Income tax recovery	-	-	-	-
	(198,239)	(685,660)	(5,007,883)	(1,697,937)
Net loss	(198,239)	(455,126)	(5,003,096)	(1,662,512)
Basic income (loss) per share				
- from continuing operations	(0.00)	(0.00)	(0.00)	(0.01)
- from discontinued operations	-	(0.03)	(0.03)	0.00
- net income (loss)	(0.00)	(0.01)	(0.05)	(0.02)
Total assets at end of period	4,170,382	4,797,461	6,145,572	10,919,534

	Q1 2018 $	Q4 2017 $	Q3 2017 $	Q2 2017 $
Revenue – discontinued operations	348,317	940,005	492,194	708,563
Cost of sales – discontinued operations	(249,581)	(561,220)	(226,716)	(257,596)
Gross profit – discontinued operations	98,736	378,785	265,478	450,967
Expenses	(448,474)	(219,365)	(214,595)	(241,475)
Expenses – discontinued operations	(1,553,567)	(1,986,032)	(1,573,397)	(1,462,649)
Other expense (income)	131,759	146,139	143,522	265,208
Foreign exchange loss (gain)	20,201	3,117	(16,957)	(20,529)
Income tax recovery	-	-	-	37,000
	(1,850,081)	(2,056,141)	(1,661,427)	(1,422,445)
Net income (loss)	(1,751,345)	(1,677,356)	(1,395,949)	(971,478)
Basic and fully diluted income (loss) per share				
- from continuing operations	(0.02)	(0.03)	(0.00)	(0.01)
- from discontinued operations	0.00	0.00	(0.01)	0.00
- net income (loss)	(0.02)	(0.03)	(0.02)	(0.01)
Total assets at end of period	12,642,331	14,541,868	15,729,379	17,188,484

Over the past eight quarters, revenues from discontinued operations have ranged from a low of $nil in the first quarter of 2019 to a high of $940,005 in the fourth quarter of 2017. Revenues in the other periods have ranged between the historical normal ranges of $0.3 million to $0.7 million. The revenue trend saw sales increase in 2016 and 2017 reflecting an increase in detectors and ancillary products revenue of Xenemetrix due primarily to the investment the Company made into the ED-XRF platform and marketing which introduced the updated Xenemetrix product line, in particular its mobile systems. Despite sales increasing for a period in 2017, the Discontinued Subsidiaries continued to operate at a loss. With continued losses anticipated, in March 2018, the Company's board of directors instituted a strategic review. The steady decline in sales in 2018 led to the Company's decision to discontinue the operations in Israel. Cost of sales over the quarters varied depending on the level of customization on equipment sales and margins over sales decreased in 2018 compared to an average margin of 52% during 2017 due to the impact of fixed costs over less revenue. Cost of sales ranged from a low of $nil in the first quarter of 2019 to a high of $561,220 during the fourth quarter of 2017 which variance is attributed to fluctuations based on the degree of customization on detector and ancillary equipment sales with gross profit varying in correlation as well as the effect of foreign exchange rates. Expenses from continuing operations have fluctuated somewhat quarter over quarter ranging from a low of $204,474 in the first quarter of 2019 to a high of $906,132 in the third quarter of 2018. Expenses from continuing operations usually range from $200,000 to $300,000 with the first and third quarters of 2018 realizing higher expenses due to severance costs for the former CEO as well as severance costs pursuant to the decision to terminate operations of the former subsidiaries in Israel. Expenses from discontinued operations also fluctuated quarter over quarter ranging from a low of $278,336 in the fourth quarter of 2018 to a high of $2,421,604 in the first quarter of 2018. The lower expenditure during the last quarter in 2018 is attributable to only one month of operations being included in the results prior to the sale of the Discontinued Subsidiaries in Israel which was effective October 31, 2018.

Disclosure of Outstanding Share Data as of May 30, 2019

	Authorized	Outstanding
Voting or equity securities issued and outstanding	Unlimited Common Shares	64,842,554 Common Shares
Securities convertible or exercisable into voting or equity shares		a) Options to acquire up to 631,250 common shares b) RSU's to acquire up to nil common shares c) 11,730,000 Warrants exercisable to acquire common shares of the Company

See note 9, 10 and 11 to the condensed interim financial statements for the three month periods ended March 31, 2019 and 2018 for more detailed disclosure of outstanding shares data.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, marketable securities and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair values of these financial instruments approximate their carrying values.

Dividends

The Company has neither declared nor paid any dividends on its common shares. The Company intends to retain its earnings, if any, to finance growth and expand its operation and does not anticipate paying any dividends on its common shares in the foreseeable future.

Assessment of Recoverability of Deferred Income Tax Assets

In preparing the financial statements, the Company is required to estimate its income tax obligations. This process involves estimating the actual tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. The Company assesses, based on all available evidence, the likelihood that the deferred income tax assets will be recovered from future taxable income and, to the extent that recovery cannot be considered “more likely than not,” a valuation allowance is established. If the valuation allowance is changed in a period, an expense or benefit must be included within the tax provision on the income statement.

Estimate of Stock Based Compensation and Associated Assumptions

The Company recorded stock-based compensation based on an estimate of the fair value on the grant date of stock options issued. This valuation required estimates of interest rate, life of options, stock price volatility and the application of the Black-Scholes option pricing model. See note 11 of the condensed interim financial statements for the three month periods ended March 31, 2019 and 2018 for more detailed disclosure of outstanding shares data.

Assessment of Recoverability of Receivables

The carrying amount of amounts receivable, receivable under earn out agreement and long term portion of receivable under earn out agreement are considered representative of their respective values. The Company assesses the likelihood that these receivables will be recovered and, to the extent that recovery is considered doubtful a provision for doubtful accounts is recorded. The Company considers current receivables to be fully collectible.

LIQUIDITY AND CASH FLOWS

The Company ended the first quarter of fiscal 2019 with cash of $2,827,933, compared to $946,611 as at December 31, 2018. The Company had working capital of $3,967,596 as at March 31, 2019 compared to working capital of $4,165,835 as at December 31, 2018.

Cash provided by operating activities was $627,105 for the three month period ended March 31, 2019 compared to cash used of $935,254 for the three month period ended March 31, 2018. Cash flows provided by operating activities was higher between the two periods primarily due to the receipt of the final instalment under the SICPA long term receivable and a decrease in expenditures due to the elimination of the discontinued operations in Israel.

Cash flows provided by investing activities was $1,254,217 for the three month period ended March 31, 2019, compared to cash used of $65,939 for the three month period ended March 31, 2018. Investing activities mainly related to investments in marketable securities. The amount of cash provided by investing activities was higher in the comparable period primarily due to the net sale of marketable securities of $1,254,217 (2018 - $nil), as well as the elimination of cash used in investing activities of the discontinued operation.

Cash used by discontinued operations was $nil for the three month period ended March 31, 2019 (2018 - $1,270,465). Discontinued operations relate to the operations of the Discontinued Subsidiaries. The lower cash flows for the three month period ended March 31, 2019 as compared to 2018 is due to the sale of the subsdiaries in Isearl during the year ended December 31, 2018

It is not possible to predict if or when the Company will achieve profitable levels of operations as the Company has sold its former operations and is planning to change its business focus to mineral exploration. Management of the Company expects that the Company's existing cash and the proceeds from the Private Placement in relation to the Transaction will be adequate to meet its short-term working capital requirements for the next 12 months. As at March 31, 2019, the Company had working capital of $3,967,596 (December 31, 2018 - $4,165,835). Based on working capital of $3,967,596 (December 31, 2018 - $4,165,835) and proceeds from the Private Placement in relation to the Transaction, the Company believes it will meet its working capital requirements for the next 12 months.

TRANSACTIONS WITH RELATED PARTIES

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the compensation committee.

The remuneration of directors and other members of key management personnel during the three month periods ended March 31, 2019 and 2018 were as follows:

For the three month period ended March 31,	Note	2019	2018
Bruce Rowlands (former Chairman and CEO)	1	$ -	$ 250,000
Andres Tinajero (Director, CFO)	2	25,000	25,000
Doron Reinis (former COO, former President, Discontinued Subsidiaries)	3	-	104,171
Charlotte May (Corporate Secretary)	4	24,000	24,000
Dennis Logan (former Director)	5	4,500	29,500
Christine Macqueen (former Director)		-	-
Paul Wood (former CEO and Director)	6	50,000	34,500
Kenneth Wawrew (former Director)	7	4,500	24,500
		$ 108,000	**$ 491,671**

Notes:

1. For the three month period ended March 31, 2019, Bruce Rowlands, former Chairman and CEO, through his Company W. B. Rowlands & Company Ltd., was paid $nil (2018 - $250,000) in professional service fees for CEO services pursuant to an agreement entered into by the Company and W. B. Rowlands & Company Ltd. In addition, $nil (2018 – $200,000) was paid for severance in the three month period ended March 31, 2018.
2. For the three month period ended March 31, 2019, Andres Tinajero, through his Company, 2222263 Ontario Inc., was paid $25,000 (2018 - $25,000) in professional service fees for CFO services pursuant to an agreement entered into by the Company and 2222263 Ontario Inc.
3. For the three month period ended March 31, 2019, Doron Reinis, through Business Processes Logistic Services Ltd. ("BPLS"), a company that Doron Reinis holds a 50% interest in, was paid $nil (2018 - $104,171) in professional service fees for services as former COO of Eurocontrol and as former President of the Discontinued Subsidiaries. These fees were included under discontinued operations.
4. For the three month period ended March 31, 2019, Charlotte May, through her Company CMA Corporate Management, was paid $24,000 (2018 - $24,000) in professional service fees for corporate secretarial services pursuant to an agreement entered into by the Company and CMA Corporate Management.
5. For the three month period ended March 31, 2019, Dennis Logan, former Director, through his Company 9703373 Canada Inc., was paid $4,500 (2018 - $29,500) in director and special committee fees.
6. For the three month period ended March 31, 2019, Paul Wood, through his Company Kappa Advisors Ltd., was paid $50,000 (2018 - $34,500) for CEO services and director fees and special committee fees.
7. For the three month period ended March 31, 2019, Kenneth Wawrew, former Director, was paid $4,500 (2018 - $24,500) in director fees and special committee fees.

As at March 31, 2019, an amount of $6,992 (December 31, 2018 - $434,418) due to key management personnel, was included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and without fixed terms of repayment.

The Company's Board of Directors has overall responsibility for the oversight of the Company's risk management policies. In carrying on its business, the Company is exposed to a variety of risks, including the risks described elsewhere in this MD&A. The Company can neither predict nor identify all such risks nor can it accurately predict the impact, if any, of such risks on its business, operations or the extent to which one or more risks or events may materially change future results of financial position from those reported or projected in any forward looking statements. Accordingly, the Company cautions the reader not to rely on reported financial information and forward-looking statements to predict actual future results. This MD&A and the accompanying financial information should be read in conjunction with this statement concerning risks and uncertainties. Some of the risks, uncertainties and events that may affect the Company, its business, operations, and results, are given in this section. However, the factors and uncertainties are not limited to those stated. The Company has policies and practices mandated by the Board of Directors to manage the Company's risks which include the risks described elsewhere in this MD&A and below.

Market Risk for Securities

The market price for Talisker common shares could be subject to wide fluctuations. Factors such as overall market movements, commodity prices, government regulation, interest rates, and share price movements of peer companies and competitors may have a significant impact on the market price of the Company's securities. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Uninsured or Uninsurable Risk

Talisker may become subject to liability for risks against which the Company cannot insure or against which it may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

Key Personnel Risk

The Company's success is reliant on its directors and officers developing the business and managing its operations. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that Talisker will be able to attract or retain key personnel in the future, which may adversely impact its operations.

Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Talisker will be dependent upon the capital markets to raise additional financing in the future. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, Talisker may be subject to liquidity risks in meeting development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability to raise equity or obtain loans and other credit facilities in the future and on favourable terms.

Other Risk Factors

As the Company has a history of losses, there is no assurance that its business will ever become consistently profitable. Talisker has incurred substantial losses since the Company was founded. There is no assurance that the Company will generate an overall profit from its business in the future or that it will reach profitability on a sustained basis.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, marketable securities and accounts payable and accrued liabilities. In the opinion of management of the Company, the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and the fair values of these financial instruments approximate their carrying values.

The Company classifies its financial instruments according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly;
- Level 3 – Inputs for assets or liabilities that are not based on observable market data

As at March 31, 2019 and December 31, 2018, there were no significant concentrations of credit risk for cash and cash equivalents , marketable securities and receivables. The carrying amount reflected above represents the Company's maximum exposure to credit risk for such cash and cash equivalents, marketable securities and receivables. As at March 31, 2019 and December 31, 2018, cash and cash equivalents were recorded at fair value under level 1 within the fair value hierarchy.

The carrying value of cash and cash equivalents, marketable securities and accounts payable and accrued liabilities approximate fair value because of the limited terms of these instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous reporting period.

Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents,marketable securities and receivables. Management believes that the credit risk concentration with respect to these financial instruments is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. As at March 31, 2019, the Company had a cash and cash equivalents balance of $2,827,933 (December 31, 2018 - $946,611) to settle current liabilities of $202,786 (December 31, 2018 - $631,626). Working capital for the Company as at March 31, 2019 was $3,967,596 (December 31, 2018 - $4,165,835).

Substantively all of the Company's financial liabilities have contractual maturities of less than 365 days and are subject to normal trade terms.

Market Risk

(a) Foreign currency risk

The Company's reporting currency is the Canadian dollar. The functional currency of the Company is the Canadian dollar. The strategic review may result in a transaction that may expose the Company to transactions denominated in foreign currencies, and as such the Company may be exposed to price risk due to fluctuations in foreign currency exchange rates against the Canadian dollar. The Company does not use derivative instruments to reduce exposure to foreign currency risk.

Based on the foreign currency balances at March 31, 2019, a 10% change in foreign exchange rates between the Canadian dollar and these foreign currencies over the next year would affect net income by approximately $1,000 (2018 - $111,000). This analysis only addresses the impact on financial instruments with respect to currency movement and excludes other economic or geo-political implications of such currency fluctuation. In practice, actual results will likely differ from this analysis and the difference may be material.

(b) The exposure of the Company's financial assets, including marketable securities and liabilities to foreign currency risk as at March 31, 2019 is as follows:

	CDN Dollar	US Dollar	Total (in CDN dollars)
Financial assets			
Cash and cash equivalents	$ 2,738,787	89,146	$ 2,827,933
Marketable securities	1,272,416	-	1,272,416
Amounts receivable	23,091	-	23,091
Current portion of long term receivable	-	-	-
	$ 4,034,294	$ 89,146	$ 4,123,440
Financial liabilities			
Accounts payable and accrued liabilities	$ 202,786	$ -	$ 202,786
	$ 202,786	$ -	$ 202,786

(c) *Commodities price risk*

The Company's future operations to commodity price risk due to external economic factors, changes in international investment patterns, and monetary systems and political developments.

(d) *Political risk*

The Company has no exposure to political instability.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Adoption New Accounting Standards

The adoption of the following new standards, interpretations and amendments where included in the financial statements for the year beginning January 1, 2019.

IFRS 16 Leases ("IFRS 16"), was issued in January 2016 and it replaces IAS 17 Leases. IFRS 16 requires entities to recognize lease assets and lease obligations on the balance sheet. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead leases are "capitalized" by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognizes a financial liability representing its obligations to make future lease payments. IFRS 16 is effective for fiscal periods beginning on or after January 1, 2019.

The Company does not have any leases in place, as such, there was no impact on adoption of the standard.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for all information contained in this report. The unaudited interim condensed financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the unaudited interim condensed financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Audit Committee has reviewed the unaudited interim condensed financial statements with management. The Board of Directors has approved the unaudited interim condensed financial statements on the recommendation of the Audit Committee.

May 30, 2019

Terence Harbort
President and CEO, Director