Management Discussion & Analysis
For the year ended December 31, 2018 and 2017

SAILFISH ROYALTY CORP

Management Discussion & Analysis
For the year ended December 31, 2018 and 2017

The following Management Discussion and Analysis ("MD&A") of Sailfish Royalty Corp. (the "Company" or "Sailfish") has been prepared as of April 30, 2019. All dollar amounts are expressed in United States dollars unless otherwise stated. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the years ended December 31, 2018 and 2017. The audited consolidated financial statements have been prepared based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information relating to the Company is available under the Company's profile on the SEDAR website at www.sedar.com.

DESCRIPTION OF BUSINESS

Sailfish Royalty Corp. ("Sailfish" or the "Company") is a public company listed on the TSX Venture Exchange ("TSXV") under the symbol "FISH" following its listing on December 21, 2017. The Company was incorporated on February 27, 2014 under the BVI Business Company Act, 2004 and is domiciled in the British Virgin Islands. The address of its registered and head office is Sea Meadow House, P.O. Box 116, Road Town, Tortola, British Virgin Islands, VG1110. The Company is primarily engaged in the acquisition of royalty and streaming agreements.

2018 FINANCIAL HIGHLIGHTS AND MAJOR ACTIVITIES

- The Company, at the annual and special meeting of shareholders of the Company held on October 30, 2018, voted in favor of the restructuring of the Company's gold stream on the San Albino gold project (the "Amended and Restated Gold Purchase Agreement"). The total value of the transaction was $8,497,602 of which $2,553,299 was a receivable due from the proceeds of a legal settlement regarding a Mexican IVA tax refund due to Mako Mining Corp ("Mako). During 2018 payments of $300,000 have been received on the Mexican IVA tax receivable, $172,004 was paid in exploration fees, a foreign exchange gain of $30,303 was earned leaving a balance of $2,111,598 receivable at year end. An additional $500,000 was received in March 2019. The fair value of the royalty has been determined by assessing the net present value of the expected cash flows from the royalties and other interests.

  The determination of the fair values of acquired royalty, stream and other interests requires the use of estimates and assumptions for recoverable production, commodity prices, discount rates, mineral reserve/resource conversion, future capital expansion plans and the associated production implications.

  In addition, the Company may use other approaches in determining fair value which may include estimates related to (i) dollar value per unit of mineral reserve/resource; (ii) cash-flow multiples; (iii) comparable transaction and (iv) market capitalization of comparable assets. Changes in any of the estimates used in determining the fair value could impact the acquisition date fair values of the royalty, stream and other interests.

- Stock options

  (i) On December 22, 2017, the Company was spun-out of Marlin Gold Mining Ltd. ("Marlin"). As part of the plan of arrangement, stock options were to be issued to a director and an officer of the Company entitling them to purchase 1,200,000 common shares over a period of five years, expiring on February 5, 2021. The options were designed to have an initial value equal, when combined with the remaining options in Marlin, to that held by the option holders held in Marlin at the date of the spin-out of the Company.

On April 24, 2018, the Company granted 900,000 common shares options to the Chief Executive Officer and 300,000 common shares options issued to a director of the Company at a price of CAD$0.75 per share in accordance with the calculation described above. On the grant date, 600,000 stock options vested immediately, and 60,000 stock options will vest at each quarter commencing on June 30, 2018 with the last tranche vesting on September 30, 2020. The fair value of these options was calculated at CAD$1,783,311 using the Black Scholes model. The Company recorded share-based compensation of USD$489,641 during the current year (2017 - $Nil) and $625,577 was charged to deficit in the consolidated statement of shareholders' equity due to the fact that of the 600,000 stock options that vested immediately on April 24, 2018, 540,000 had been incurred on or before December 31, 2017.

The following assumptions and inputs were used to fair value the options on the grant date: expected life- 2.79 years; weighted average expected volatility – 146.83% using comparative companies and competitors given the Company's limited history; expected dividend yield – 0.0%; risk free interest rate – 2.16%; share price- C$1.72.

(ii) On December 24, 2018, the Company granted 1,625,000 common shares options to the Chief Executive Officer, 950,000 common shares options to the directors of the Company and 50,000 common share options to the Chief Financial Officer at a price of CAD$1.00 per share in accordance with the calculation described below. The fair value of these options was calculated at CAD$2,325,922 using the Black Scholes model. The options have a term of 5 years and a vesting schedule of one-third on the date of grant, the next one-third 12 months from the date of grant and the final one-third 24 months from the date of grant.

The Company recorded share-based compensation of $587,627 during the Current Year and (2017 - $Nil).

The following assumptions and inputs were used to fair value the options on the grant date: expected life- 5 years; weighted average expected volatility – 198.62%; expected dividend yield – 0.0%; risk free interest rate – 1.93%; share price- CAD$0.91.

RESTRUCTURING TRANSACTION

On July 10, 2014, the Company and Golden Reign Resources Ltd.'s ("Golden Reign") entered into a $15,000,000 (the "GRR Purchase Price") Gold Streaming Arrangement (the "GRR Arrangement") for the construction and development of Golden Reign's San Albino gold deposit, located in Nueva Segovia, Nicaragua. The GRR Purchase Price would only become due once a preliminary cost assessment report was provided for the development of Golden Reign's San Albino gold deposit.

Under the GRR Arrangement, Sailfish was entitled to purchase 40% of gold production from the San Albino gold deposit, at US$700 per troy ounce, subject to a 1% per year cost escalation beginning three years from commercial production, until Sailfish recovers US$19.6 million. Thereafter, Sailfish was entitled to purchase 20% of gold production at US$700 per troy ounce, subject to a 1% per year cost escalation beginning three years from the date of commercial production, plus 50% of the price differential above US$1,200 per troy ounce subject to certain adjustments.

Prior to commercial production Sailfish was entitled to receive an 8% semi-annual coupon payment on the amounts advanced on the GRR Purchase Price and Golden Reign would be required to make minimum repayments per month when commercial production commences.

During 2018, the Company entered into an agreement with Marlin and Golden Reign to restructure the GRR arrangement. The restructuring cancelled the Company's obligations with regard to the GRR Arrangement, and the advances that had been previously made to Golden Reign were settled with receipt of the assets noted below, resulting in advances receivable of $nil (2017 - $1,096,051) as at December 31, 2018, and earned interest for the year ended December 31, 2018 of $43,917 (2017 - $86,709).

The Company, at the annual and special meeting of shareholders of the Company held on October 30, 2018, voted in favor of the restructuring of the Company's gold stream on the San Albino gold project (the "Amended and Restated Gold Purchase Agreement"). The total value of the transaction was $8,497,602 of which $2,553,299 was settled with the proceeds from a legal settlement regarding a Mexican IVA tax refund. The fair value of the royalty has been determined by assessing the net present value of the expected cash flows from the royalties and other interests.

As part of the restructuring, the Company acquired the following assets;

i. a 3% net smelter return ("NSR") royalty on the original area of interest of the San Albino concession;
ii. a 2% NSR royalty on production from the San Albino concession and the El Jicaro concession (excluding the original area of interest above);
iii. a 1.5% NSR royalty on the El Compas project;
iv. a 1% NSR on the La Cigarra project;
v. Mako's agreement to transfer its Gavilanes property in Mexico to a designee of Sailfish; and
vi. a receivable from Mako in respect of any amounts recovered by Mako in certain lawsuits Mako has filed against the Mexican tax authority for the purpose of obtaining previously denied Mexican value added tax refunds for an aggregate of the US dollar equivalent of $37,379,097 Mexican pesos, net of adjustments for interest, inflation and applicable legal fees.

On November 9, 2018, Marlin and Golden Reign merged with each other to form Mako.

The total value of the transaction was estimated as $8,497,602, which after deducting the advances receivable from Golden Reign of $1,096,051, resulting in a net gain on disposal of $7,401,551.

Gain on disposal of assets		**2018**
Amended and Restated Gold Purchase Agreement		5,944,303
Legal settlement fees		2,553,299
Extinguishment of the Golden Reign advances		(1,096,051)
Gain on disposal of assets	$	7,401,551

MINERAL, ROYALTY AND OTHER INTEREST

	Cost			Accumulated depletion				
Royalty / other interest	Opening	Additions	Ending	Opening	Depletion	Impairment	Ending	Carrying amount
San Albino (3%) (i)	-	4,371,291	4,371,291	-	-	-	-	4,371,291
El Compass (1.5%) (iii)	-	1,030,097	1,030,097	-	-	-	-	1,030,097
Gavilanes option (iv)	-	340,926	340,926	-	-	-	-	340,926
La Cigarra (1%) (v)	-	201,989	201,989	-	-	-	-	201,989
TZ Royalty (3.5%) (vi)	12,107,000	-	12,107,000	-	-	-	-	12,107,000
Total	12,107,000	5,944,303	18,051,303	-	-	-	-	18,051,303

As part of the transaction described in note 5, the Company acquired the following the royalty and other interests during the year;

(i) San Albino (3%)

The Company has acquired a stream equivalent to a 3% NSR on the original area of interest of the San Albino project operated by Mako.

(ii) San Albino (2%)

The Company has acquired a 2% NSR on the district-scale land package surrounding the original area of interest of the San Albion project, which hosts multiple high grade targets including Las Conchitas and El Golfo.

(iii) El Compass (1.5%)

The Company has acquired a 1.5% NSR on El Compass, located in Zacatecas, Mexico, which is operated by Endeavour Silver Corp ("Endeavour"). Commissioning of El Compass commenced in 2018 and subsequent to year-end, Endeavour announced that commercial production was achieved in March 2019. During 2018, $29,078 of royalty revenue was recorded from this NSR and funds received subsequent to year-end.

(iv) Gavilanes option

The Company has acquired an option to assign a 100% ownership interest from Mako for a de minimis amount on the Gavilanes project located in Durango, Mexico. The option expires on November 9, 2019.

(v) La Cigarra (1%)

The Company has acquired a 1% NSR on La Cigarra, located in Chihuahua, Mexico. Kootenay Silver Inc. is the current operator and the project is at the exploration stage.

(vi) TZ Royalty (3.5%)

The Tocantinzinho Royalty ("TZ Royalty") was acquired as part of the spin-out of Sailfish from Marlin in 2017. It is a 3.5% royalty on revenues on the Tocantinzinho Project payable following the commencement of commercial production, which Eldorado Gold Corp ("Eldorado") has the right to reduce to a 1.5% royalty on revenues by payment of US$5.5 million within 30 days of a construction decision to proceed with development of the Tocantinzinho Project. In the event that Eldorado elects to make such a payment and such amount is paid to Sailfish, Sailfish will be obligated, pursuant to the

Tocantinzinho Royalty Purchase Agreement to pay such amount to the TZ Royalty Vendors. If Eldorado does not exercise its right to reduce the Tocantinzinho Royalty, then, within 35 days of the announcement by Eldorado of a construction decision to proceed with development of the Tocantinzinho Project, Sailfish shall, at its option, either (i) pay US$5.5 million to the TZ Royalty Vendors or (ii) assign 2% of the TZ Royalty back to the TZ Royalty Vendors. No liability has been recognized for this in the statement of financial position.

Impairments

While assessing whether any indications of impairments exist, consideration is given to both external and internal sources of information. For the years ended December 31, 2018 and 2017 there were no indications of impairments on any of the above assets.

SUMMARY OF ANNUAL RESULTS

For the year ended December 31, 2018, compared to the year ended December 31, 2017.

The following table is derived from the audited financial statements of the Company for the years end 2018, 2017 and 2016:

	December 31, 2018	December 31, 2017	December 31, 2016
Total assets	20,308,076	13,740,886	1,141,220
Total liabilities	85,409	221,772	1,175,805
Total equity	20,222,667	13,519,114	(34,585)
Net income (loss)	5,626,285	(358,235)	(132,351)

The Company had total assets of $20,308,076 as at December 31, 2018 compared to $13,740,886 as at December 31, 2017, a change of $6,567,190, as explained in the following paragraphs.

Cash at December 31, 2018 was $88,942 (2017 - $535,174), which was the result of $500,000 in additional funding from Marlin as part of the spin-out received in 2017.

Royalty interest at December 31, 2017 was $18,051,303 ($2017 – $12,107,000), which was the result of the restructuring transaction as explained above.

The Company had total liabilities of $85,409 as at December 31, 2018 compared to $221,772 as at December 31, 2017, a change of ($136,363), which was the result of due to related parties decreasing by $17,733 and accounts payable and accrued liabilities decreasing by $118,630 as payments were made during 2018.

The Company had total equity of $20,222,667 as at December 31, 2018 compared to $13,519,114 as at December 31, 2017, a change of $6,703,553, which was the result of an increase in royalty interest due to the restructuring transaction of $5,944,303 and an increase in contributed surplus of $1,702,845 and a decrease in deficit of $625,577 from share-based compensation during the year.

The Company recorded a net income of $5,626,285 for the year ended December 31, 2018 ($0.15 per common share) compared to a net loss of $358,235 ($0.00 loss per common share) for the year ended December 31, 2017, a change of $5,984,520, as explained in the following paragraphs.

Gain on disposal of assets in the Current Year was $7,401,551 (2017 - $Nil), which is the result of the restructuring transaction as explained above.

Royalty revenue in the Current Year was $29,078 (2017 - $Nil), which is the result of the 1.5% NSR royalty on the El Compas project commencing production.

Exploration fees in the Current Year was $172,004 (2017 - $Nil), which is the result of the required ongoing payments for the Gavilanes project as part of the restructuring transaction as explained above.

Share based compensation in the Current Year was $1,077,268 (2017 - $7,764), which is the result of the stock options as explained above.

Special committee fees in the Current Year was $22,500 (2017 - $Nil), which is the result of the restructuring transaction as explained above.

Insurance expense in the Current Year was $19,244 (2017 - $Nil), which is the result the Company obtaining directors and officers liability insurance during the year.

Interest expense for the Current Year was $Nil (2017 - $96,036), which is the result of the restructuring transaction as explained above.

Travel and marketing fees for the Current year were $37,894 (2017 - $2,152), which is the result of additional promotion and activity of the Company during the year.

Professional fees in the Current Year were $391,331 (2017 - $203,260), which is the result of the restructuring transaction as explained above.

Interest income in the Current Year was $43,917 (2017 - $86,709), which is the result of the restructuring transaction as explained above.

SUMMARY OF QUARTERLY RESULTS

The Company's quarterly financial statements are prepared under IFRS as applicable to interim financial reporting. The following table provides highlights from the Company's financial statements of quarterly results for the past eight quarters.

	31-Dec 2018	**30-Sep 2018**	**30-Jun 2018**	**31-Mar 2018**
Total revenue (Interest & other income)	7,430,629	-	22,296	21,621
Net income (loss) for the quarter	6,285,977	(258,865)	(303,499)	(97,328)
Basic earnings (loss) per share	0.16	(0.01)	(0.01)	(0.00)
Diluted earnings (loss) per share	0.16	(0.01)	(0.01)	(0.00)

	31-Dec 2017	**30-Sep 2017**	**30-Jun 2017**	**31-Mar 2017**
Total revenue (Interest & other income)	21,926	21,861	22,517	20,405
Net loss for the quarter	(111,157)	(190,232)	(35,526)	(21,320)
Net loss per share	0.00	(0.01)	0.00	0.00

DISCUSSION OF OPERATIONS

For the three months ended December 31, 2018, compared to the three months ended December 31, 2017.

The Company recorded a net income of $6,285,977 for the three months ended December 31, 2018 ($0.16 per common share) compared to a net loss of $111,157 ($0.00 loss per common share) for the three months ended December 31, 2017, a change of $6,397,134, primarily due to the gain on disposal of assets, royalty revenue, exploration fees, share-based compensation and foreign exchange loss, as explained in the following paragraph.

Gain on disposal of assets in the Current Quarter was $7,401,551 (Comparative Quarter - $Nil), which is the result of the restructuring transaction as explained above.

Royalty revenue in the Current Quarter was $29,078 (Comparative Quarter - $Nil), which is the result of the 1.5% NSR royalty on the El Compas project commencing production.

Exploration fees in the Current Quarter was $172,004 (Comparative Quarter - $Nil), which is the result of the restructuring transaction as explained above.

Share based compensation in the Current Quarter was $870,638 (Comparative Quarter - $Nil), which is the result of the stock options as explained above.

Foreign exchange loss in the Current Quarter was $29,336 (Comparative Quarter – ($139)), which is the result of the restructuring transaction as explained above.

For the three months ended September 30, 2018, compared to the three months ended September 30, 2017.

The Company recorded a net loss of $258,865 for the three months ended September 30, 2018 ($0.01 per common share) compared to a net loss of $190,232 ($0.01 loss per common share) for the three months ended September 30, 2017, a change of $95,633, primarily due to share-based compensation, special committee fees and interest expense and interest revenue as explained in the following paragraph. The September 2018 MD&A previously recorded a net income of $165,824 for the quarter due to incorrectly recording income of $525,618 from the Mexican IVA tax refund at quarter end. This was subsequently reallocated to the fourth quarter of 2018 as income, which is reflected in the table above.

Share-based compensation in the Current Quarter was $68,429 (Comparative Quarter - $1,751), which is the result of stock options explained above. For 2017, the share-based compensation in the statement of loss and comprehensive loss is to reflect the Company's share of the original options in Marlin. The 2017 comparative financials were on prepared on a continuity/carve out basis so that common expenses incurred by Marlin, including share-based compensation and interest, have been allocated based on time estimated to be spent on Sailfish each period as if Sailfish had operated as a standalone entity and the amount of funds loaned to Sailfish at the rate of interest applied to the outstanding Marlin debt.

Special committee fees in the Current Quarter was $22,500 (Comparative Quarter - $Nil), which is the result of the restructuring transaction as explained above.

Interest expense in the Current Quarter was $Nil (Comparative Quarter - $24,853), which is the result of the due to related party loan being paid off as part of the spin-out from Marlin.

Interest revenue in the Current Quarter was $Nil (Comparative Quarter - $21,861), which is the result of the restructuring transaction as explained above as not interest was earned on the advance after June 30, 2018.

For the three months ended June 30, 2018, compared to the three months ended June 30, 2017.

The Company recorded a net loss of $303,499 for the three months ended June 30, 2018 (-$0.01 per common share) compared to a net loss of $35,526 ($0.00 loss per common share) for the three months ended June 30, 2017, a change of $267,973, primarily due to share-based compensation and professional fees as explained in the following paragraph.

Share -based compensation in the Current Quarter was $138,201 (Comparative Quarter - $2,089), which is the result of stock options explained above. For 2017, the share-based compensation in the statement of loss and comprehensive loss is to reflect the Company's share of the original options in Marlin.

Professional fees in the Current Quarter was $148,648 (Comparative Quarter - $2,625), which is the result of additional legal fees pertaining to the potential merger of Marlin and Golden Reign and the restructuring of the San Albino gold stream.

For the three months ended March 31, 2018, compared to the three months ended March 31, 2017.

The Company recorded a net loss of $97,328 for the three months ended March 31, 2018 ($0.00 per common share) compared to a net loss of $21,320 ($0.00 loss per common share) for the three months ended March 31, 2017, a change of $76,008, primarily due to general office and regulatory fees, professional fees, Travel and marketing and director fees, as explained in the following paragraph.

General office and regulatory fees in the Current Quarter was $8,439 (Comparative Quarter - $53), which is the result of listing and filing fees for the TSXV listing.

Professional fees in the Current Quarter was $32,642 (Comparative Quarter - $3,750), which is the result of additional audit and legal fees pertaining to the TSXV listing.

Travel and marketing in the Current Quarter was $14,799 (Comparative Quarter - $Nil), which is the result of Stockhouse publishing fees.

Director fees in the Current Quarter was $15,500 (Comparative Quarter - $Nil), which is the result of the timing of the directorship fees accrual in 2017 as well as the addition of an additional director.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The Company's ability to achieve its objectives may be dependent upon the Company securing financing, collecting royalty income from the 1.5% NSR royalty on the El Compas project and recovering the remaining accounts receivable, of which $500,000 was collected subsequent to year-end, providing sufficient cash flow for operations for the next 12 months. The Company also relies on the continued financial support from the Company's controlling shareholder. In the event that the Company is unsuccessful in raising additional funds, it may be forced to curtail expenditures.

A summary and discussion of the Company's cash inflows and outflows for the year ended December 31, 2018 and December 31, 2017 is as follows:

Operating Activities

Cash used in operating activities during the Current Year was $790,610 (2017 – inflow of $23,269). The addbacks to the net income during the Current Year included share-based compensation of $1,077,268 (2017 – nil).

Investing Activities

As part of the transaction described in note 5 of the financial statements, the Company recorded amounts due from Mako of $2,553,299, of which payments of $300,000 have been received during the year. In 2017 the Company purchased a Royalty interest for $12,107,000 of which the cash portion of the purchase was $6,500,000 and legal fees of $107,000.

The Company advanced $Nil (2017 - $107,892) to Golden Reign as a credit towards the GRR Purchase Price and received interest of $44,378 (2017 - $118,885) from Golden Reign in 2018.

Financing Activities

There was no financing activity during 2018. During 2017, the Company issued common shares for $12,500,000 of which $7,000,000 was paid in cash during 2017 by Marlin. The balance of $5,500,000 was paid-in-kind to the Tocantinzinho Royalty Vendors as part of the purchase of the Royalty interest.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

(a) Key management compensation

Key management includes directors and senior management. For the year ended December 31, 2018 the compensation was as follows:

(i) Director fees of $41,000 (2017 - $38,800) were recorded in 2018 and are payable semi-annually in advance.

(ii) Senior management fees of $40,545 (2017 - 26,747) and share-based compensation of $1,077,268 (2017 - $7,764) were incurred.

(iii) Special committee fees of $22,500 (2017 - $Nil) were incurred.

(b) Related party transactions

(i) On December 20, 2017, the balance due to Marlin of $1,411,934 was converted to equity and recorded as contributed surplus. On December 18, 2017 the Company entered into a loan agreement with Marlin. Under the terms of the agreement, Marlin agreed to make available to Sailfish a maximum amount of $14,000,000 to finance the Company's purchase obligations under its gold purchase agreement. The loan facility was available upon demand and was to bear interest at 8% per annum, payable bi-annually in arrears. No amounts were drawn under the loan and during 2018, the loan agreement with Marlin was terminated. During the year ended December 31, 2018, Marlin was repaid $23,898 (2017- loaned $113,273). The Company incurred interest charges of $Nil (2017- $96,036) payable to Marlin. As at December 31, 2018, $Nil (2017 – $23,898) is payable by the Company to Marlin. Per the Amended and Restated Gold Purchase Agreement (Note 6), the Company's obligations under the GRR arrangement were terminated.

(ii) On December 20, 2017, the Company consolidated the 100,000,000 outstanding shares owned by Marlin into 29,146,468 shares and in turn Marlin distributed these shares to its shareholders on a pro-rata basis.

(iii) On December 20, 2017, the Company issued 5,167,175 shares to Marlin for a subscription price of $7,000,000 and in turn Marlin distributed these shares to its shareholders on a pro-rata basis.

(iv) As at December 31, 2018, and as part of the transaction described in note 5, the Company recorded amounts due from Mako of $2,553,299, of which payments of $300,000 have been received during the year, $172,004 was paid in exploration fees, a foreign exchange gain of $30,303 was earned leaving a balance of $2,111,598 receivable at year end. An additional $500,000 was received in March 2019.

(v) Rent of $19,900 (2017 - $19,600) was paid during the year to a company related to one of the directors for office space for which there is no long-term commitment.

(vi) Travel and marketing expense includes $13,256 (2017 - $2,152) which was paid during the year to the Chief Executive Officer and a director, of which $6,165 is included in due to related parties at year end.

(vii) Prepaid expenses of $7,155 (2017 - $nil) were incurred during the year pertaining to Sailfish Royalty Management Corp, a company owned 100% by Sailfish Royalty Corp.

FINANCIAL INSTRUMENTS

(a) Overview

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments. This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(b) Fair Value of Financial Instruments

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the 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 the asset or liability either directly or indirectly; and

- Level 3: Inputs that are not based on observable market data.

The carrying values, fair market values, and fair value hierarchical classification of the Company's financial instruments are that the fair value of all financial instruments approximates their carrying value due to either their short-term maturity and/or capacity of prompt liquidation.

The Company does not have any financial instruments that are measured using level 1, 2 or level 3 inputs.

During the year ended December 31, 2018 and 2017 there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

(c) Credit Risk

Credit risk is the risk of potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash held in bank accounts and accounts receivable. The Company's accounts receivable is subject to the credit risk of Mako. The carrying amount of financial assets recorded in the consolidated financial statements represents the Company's maximum exposure to credit risk.

The Company limits its exposure to credit risk on liquid financial assets through investing its cash and cash equivalents with high-credit quality financial institutions and by closely monitoring its accounts receivable.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities and through the management of its capital structure. Accounts payable and accrued liabilities of $79,244 are due in the first quarter of fiscal 2019. (see note 1 to the financial statements and "LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN" section above).

(e) Market Risk

(i) Foreign Currency Risk
Foreign exchange risk is the risk arising from changes in foreign currency fluctuations. The Company operates in one country. As a result, the Company is not significantly exposed to fluctuation in exchange rates and foreign currency risk.

At December 31, 2018 and 2017, the Company's exposure to foreign currency risk is as follows:

	December 31, 2018	December 31, 2017
Accounts receivable (MXN)	19,227,779	-
Accounts payable and accrued liabilities (CAD)	89,281	79,250
Due to related parties (CAD)	-	30,000

The following year end exchange rates have been applied converting to United States dollars at December 31, 2018 and December 31, 2017:

	2018	2017
USD/ CAD	0.73297	0.79659
USD/ MXN	0.05091	-

Had the Canadian Dollar foreign exchange rates strengthened against the United States dollar by 1%, with all other variables remaining constant, the change in net income would have been insignificant. A weakening of 1% in the Canadian Dollar against the United States dollar, with all other variables held constant, would have had an equal but opposite effect.

Had the Mexican Peso foreign exchange rates fluctuated against the United States dollar by +/- 1%, with all other variables remaining constant, the change in net income would have been insignificant.

(ii) Interest Rate Risk

The interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2018 the Company has no exposure to interest rate risk.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company’s significant accounting policies are described in Notes 2 and 4 of the annual financial statements for the year ended December 31, 2018.

CHANGE IN ACCOUNTING STANDARDS INCLUDING INITIAL ADOPTION

Adoption of new accounting policies

Effective January 1, 2018, the Company adopted IFRS 15: Revenue from Contracts with Customers (“IFRS 15”) using the fully retrospective approach. This standard replaces IAS 11: Construction Contracts, IAS 18: Revenue and IFRIC 13: Customer Loyalty Programmes. This standard outlines a single comprehensive model for entities to account for revenue arising from contracts with customers. The Company has evaluated that there was no impact on the financial statements.

Effective January 1, 2018, the Company adopted IFRS 9 – Financial Instrument (“IFRS 9”) using the fully retrospective approach. IFRS 9 did not impact the Company’s classification and measurement of financial assets and liabilities. The standard did not have an impact on the carrying amounts of the Company’s financial instruments at the transition date.

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9.

Under IFRS 9, financial assets are classified into one of three categories below:

- amortized cost;
- fair value changes through other comprehensive income (“FVTOCI”); and
- fair value through profit or loss (“FVTPL”)

Under IFRS 9, financial liabilities are classified into one of two categories below:

- amortized cost; and
- FVTOCI

(i) Initial recognition

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset. On initial recognition, all financial assets and financial liabilities are recorded at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case transaction
costs are expensed as incurred.

(ii) Impairment of financial assets carried at amortized cost

The Company assesses at the end of each reporting period whether there is objective evidence that financial assets or group of financial assets measured at amortized cost are impaired. Impairment losses and reversal of impairment losses, if any, are recognized in profit or loss in the period they are incurred.

(iii) Derecognition of financial assets and liabilities

A financial asset is derecognized when the rights to receive cash flows from the asset have expired; or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Gains and losses on derecognition of financial assets and liabilities classified as amortized cost are recognized in profit or loss when the instrument is derecognized or impaired, as well as through the amortization process.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability. In this case, a new liability is recognized, and the difference in the respective carrying amounts is recognized in the statement of income.

Changes in accounting standards

The IASB issued the following new or revised pronouncements that may affect the Company's future financial statements.

- IFRS 16: Leases ("IFRS 16"): This standard replaces IAS 17 – Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company has determined that there is no impact on the consolidated financial statements.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had the following common shares issued and outstanding:

- 38,373,566 issued shares

Additional information on the stock options is explained above under 2018 financial highlights and major activities and in note 8 of the financial statements.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements or forward-looking information within the meaning of applicable securities laws concerning the Company's beliefs and plans, including but not limited to statements with respect to the availability of financial resources; capital, operating and cash flow estimates; and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, intentions or future events or performance are not statements of historical fact and may be "forward-looking statements".

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including but not limited to those referred to in this MD&A under the heading "Risks and Uncertainties" and elsewhere in this MD&A.

The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made and should not be relied on as representing the Company's views on any subsequent date. The Company specifically disclaims any intention or any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by applicable law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

PROPOSED TRANSACTIONS

There are no proposed transactions that the Company has entered into as of April 30, 2019.

RISKS AND UNCERTAINTIES

The Company, and thus the securities of the Company, should be considered a speculative investment due to the high-risk nature of its business which is the acquisition of royalty and streaming agreements, and investors should carefully consider all information relating to the Company. The following risk factors should be given special consideration when evaluating an investment in the Company's securities.

Negative operating cash flow
The Company had negative operating cash flow for the year ended December 31, 2018. To the extent that the Company has negative cash flow in future periods, the Company may need to enter into additional loan agreements and/or issue additional equity to fund such negative cash flow.

Financial resources
The Company has limited financial resources and there is no assurance that sufficient additional funding will be available to fulfill its obligations or for further royalty acquisitions, on acceptable terms or at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further royalty acquisitions and could cause the Company to forfeit its interests in some or all of its properties or to reduce or terminate its operations.

Royalties and other interest in foreign countries
The Company's royalties and other interest may be affected in varying degrees by political stability and government regulations relating to the mining industry and foreign investors therein. There is no assurance that the political and investment climate of foreign countries will continue to be favorable. Any changes in regulations or shifts in political conditions are beyond the control of Sailfish and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

Risks related to conducting business in emerging markets
The Company's royalty and streaming activities, and the activities undertaken by companies from which the Company may acquire a royalty or streaming interest, may be in international locations that display characteristics of emerging markets. Conducting business in these countries may be subject to a variety of risks including, but not limited to: currency fluctuations, devaluations and exchange controls; inflation; uncertain political and economic conditions resulting in unfavorable government actions such as unfavorable legislation or regulation, trade restrictions, unfavorable tax enforcement or adverse tax policies; the denial of contract rights; and social unrest, acts of terrorism or armed conflict. Management is unable to predict the extent or duration of these risks or quantify their potential impact.

Potential profitability depends upon factors beyond the control of Sailfish
The potential profitability of royalty and streaming activities is dependent upon many factors beyond the Company's control. For instance, world prices of and markets for gold and silver are unpredictable, volatile, potentially subject to governmental fixing, pegging and/or controls and respond to changes in domestic, international, political, social and economic environments. Another factor is that rates of recovery of mined material may vary from the rate experienced in tests and a reduction in the recovery rate will adversely affect profitability and, possibly, the economic viability of a property. Production will fluctuate in ways Sailfish cannot predict and are beyond the Company's control, and such fluctuations will impact on profitability and may eliminate profitability altogether. Additionally, due to worldwide economic uncertainty, the availability and cost

of funds for development and other costs have become increasingly difficult, if not impossible, to project. These changes and events may materially affect the financial performance of Sailfish.

Repatriation of earnings

There is no assurance that any countries in which Sailfish operates or may operate in the future will not impose restrictions or taxes on the repatriation of earnings to foreign entities.

Currency fluctuations; foreign exchange

The operations of Sailfish in the countries where it operates are subject to currency fluctuations and such fluctuations may materially affect the financial position and results of Sailfish. Sailfish is subject to the risks associated with the fluctuation of the rate of exchange of the U.S. dollar and foreign currencies, in particular the Canadian dollar and the Mexican peso. Sailfish does not currently take any steps to hedge against currency fluctuations although it may elect to hedge against the risk of currency fluctuations in the future. There can be no assurance that steps taken by Sailfish to address foreign currency fluctuations will eliminate all adverse effects and, accordingly, Sailfish may suffer losses due to adverse foreign currency fluctuations.

Sailfish may be subject from time to time to foreign exchange controls in countries outside of the United States although no such claims are currently known to Sailfish.

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 their operating performance, underlying asset values or prospects of such companies. Any quoted market for the Company’s securities will likely be subject to such market trends and the value of the Company’s securities may be affected accordingly.

Key executives

Sailfish 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 royalty streaming agreements depends on a number of factors, not the least of which is the technical skill of the 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. The directors and some officers of the Company will only devote part of their time to the affairs of the Company.

Competition

The mineral royalty and streaming agreement business is competitive in all of its phases. Sailfish competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of royalty and streaming agreements. The Company’s ability to acquire royalty and streaming agreements in the future will depend not only on its ability to develop its present royalty and streaming agreements, but also on its ability to select and acquire suitable prospects. There is no assurance that the Company will be able to compete successfully with others in acquiring such prospects.

Potential conflicts of interest

Certain directors and officers of the Company are, and may continue to be, involved in the royalty and streaming agreements 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 and the Company's interests may be adversely affected.

Dilution
Issuances of additional securities under future financings will result in dilution of the equity interests of persons who are currently Shareholders or who become Shareholders of Sailfish.

Dividends
Sailfish 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 acquiring royalty and streaming agreements. Any future determination to pay dividends will be at the discretion of the Board of Directors of Sailfish and will depend on Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of Sailfish 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 to lose their entire investment.

EVENTS AFTER THE REPORTING PERIOD

On March 8, 2019, $500,000 was collected on the accounts receivable balance. There were no other significant events after the reporting period.