# OMEGA PACIFIC RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED OCTOBER 31, 2024

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### DATE AND SUBJECT OF REPORT

The following Management Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Omega Pacific Resources Inc. (hereinafter "Omega Pacific" or the "Company") for the year ended October 31, 2024. The MD&A should be read in conjunction with the audited financial statements of the Company for the year ended October 31, 2024 and the notes thereto, prepared in accordance with IFRS Accounting Standards ("IFRS"). This MD&A complements and supplements, but does not form part of, the Company's consolidated financial statements. This report is dated February 26, 2025.

### SCOPE OF ANALYSIS

The following is a discussion and analysis of Omega Pacific. The Company reports its financial results in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS") and related interpretations as issued by the International Standards Board. All published financial results include the assets, liabilities, and results of operations of the Company.

### FORWARD LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by, or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks and Uncertainties section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company may not provide updates or revise any forward-looking statements, except those otherwise required under paragraph 5.8(2) of NI 51-102, whether written or oral that may be made by or on the Company's behalf.

### GENERAL BUSINESS

Omega Pacific Resources Inc. was incorporated under the Business Corporations Act in the province of British Columbia, Canada on June 3, 2022. The Company's primary business is the acquisition and exploration of mineral properties in Canada. The Company's common shares are listed for trading on the Canadian Securities Exchange (the "CSE") under the symbol "OMGA" and on the OTCQB trading platform in the United States under the trading symbol "OMGPF".

The Company’s head office is located at 250 Southridge NW, Suite 300 Edmonton, AB, Canada T6H 4M9. The Company’s registered address and records office is located at 888-750 West Georgia Street, Vancouver, BC, Canada V6B 1H4.

Omega Pacific is a mineral exploration company focused on the advancement of the Williams Property located in the Toodoggone District of the Golden Horseshoe in British Columbia, Canada. The Williams Property is considered to be prospective for precious metal mineralization and is along structural and stratigraphic belts known to host mineral deposits across northern British Columbia.

**OVERALL PERFORMANCE**

To date, the Company has no producing mines and therefore no revenue or cash flow from operations. Consequently, the Company relies on obtaining financing through access to the Canadian equity capital markets, partnerships and potential joint ventures to fund exploration expenditures and meet working capital requirements. The Company recognized a loss and comprehensive loss of $3,499,915 during the year ended October 31, 2024.

**DISCUSSION OF OPERATIONS**

The Company does not have any revenue as it is in the early stages of exploration of the Williams Property and Lekcin Property, both located in British Columbia, Canada. The Company’s management intends to continue exploration of its properties with the objective of identifying potentially economic precious metal mineralization. As it is successful in doing so, the Company will focus attention and resources to expand such mineralization and develop economically recoverable resources.

Highlights

On November 19, 2024, the Company announced results of its 2024 work program at the Lekcin Property. The work program was completed by Equity Exploration Consultants (“Equity“) of Vancouver, BC. The program involved a UAV magnetic survey, rock sampling and geochemical assays. The UAV magnetic survey defined areas of high magnetism in the north, southeast and southwest parts of the Property. Results of the 2024 work program indicate that magnetic highs on the Lekcin Property can correlate with either mafic-ultramafic or granodiorite-diorite but is still, likely, a useful method for delineating those parts of the Property most prospective for hosting a near surface mafic-ultramafic intrusion of sufficient size to host Giant Mascot-style sulphide mineralization.

On November 12, 2024, the Company announced that it has earned a 51% interest in the Williams Property. In order to exercise the interest earn in, the Company completed payments to CopAur Minerals of 3,000,000 common shares, $1,050,000, and incurred $2,100,000 in qualifying exploration expenditures. The Company intends to complete a second exploration program in 2025 designed to expand known gold mineralization at the GIC Prospect, the details of which will be finalized in late spring 2025.

On November 5, 2024, the Company announced the appointment of Mr. John Williamson as Independent Director. Mr. Williamson has over 35 years of experience in the mining and minerals industry, leading  several notable successful ventures ranging from exploration to production stage across three continents, raising over $1 billion in capital and the discovery/growth of over 10 million ounces of gold.

On October 16, 2024, the Company announced the expansion of the Williams Property by staking and acquisition of additional claims. The Company acquired 51.7 Ha located 400 metres west of the drill locations of the Company's 2024 drill program and staked 1,707 Ha adjoining the Willams Property to the east. The new claims extend the Company's control of the GIC Prospect for a continuous overall strike length of 12 km containing a 5 km long gold-in-soil anomaly over the 2024 drilling area.

On September 6, 2024, the Company announced an amendment to the Williams Option (the "Amendment Agreement"). The amended terms are:

- The exploration expenditures (the "Expenditures") required to earn a fifty one percent (51%) interest in the Williams Property are reduced from $3,000,000 to $2,000,000. The Company is required to incur these Expenditures on or before the first anniversary of the Agreement on February 28, 2025;
- The Expenditures required to earn an additional twenty nine percent (29%) interest, for a total of 80% interest, in the Williams Property are changed from $3,000,000 on or before the second anniversary of the Agreement on February 28, 2026 to $4,000,000 on or before the third anniversary of the Agreement on February 28, 2027;
- In consideration, the Company paid CopAur Minerals $50,000 upon the execution of the Amendment Agreement.

On July 2, 2024, the Company closed a Flow-Through Private Placement for gross proceeds of $1,084,740 by the issuance of 1,485,945 flow-through common shares at an issue price of $0.73. In connection with the financing, the Company paid finders' fees consisting of $75,932 and 103,281 non-transferable Finder's Warrants. 95,616 Finder's Warrants allow the holder to purchase one Common Share at $0.73 for a period of twelve months from closing and 7,665 Finder's Warrants allow the holder to purchase one Common Share at $0.80 for a period of twelve month from closing.

On June 20, 2024 the Company announced it engaged APEX Geoscience Ltd. to coordinate and execute a drill program of up to 2,000 metres intended to expand gold mineralization at the GIC Prospect. The drill program was completed in late July, 2024. In total, the Company drilled 1,700 m in four holes. Each hole encountered gold mineralization. Results of this drill program were announced as assays from each hole were received, commencing on July 24, 2024. The final results were announced in a press release dated December 4, 2024.

Highlights of the drill program include (true width not known):

- WM24-01: 1.69 g/t Au over 104.08 metres including 6.22 g/t Au over 18.98 metres within 3.16 g/t Au over 44.32 metres;
- WM24-02: 1.09 g/t Au over 57.98 metres, 0.57 g/t Au over 26.3 metres, and 1.33 g/t Au over 28.24 metres;
- WM22-02 (ext): 2.16 g/t Au over 96.92 metres including 4.16 g/t Au over 10.50 metres;
- WM24-03: 0.38 g/t Au over 64.97 metres, 1.48 g/t Au over 37.01 including 2.99 g/t Au over 11.25 metres, and 0.68 g/t Au over 27 metres including 2.16 g/t Au over 6.74 metres.

On April 16, 2024, the Company announced the appointment of Robert L'Heureux as Independent Director. Mr. L'Heureux has built a track record of excellence in successful exploration and development spanning over 20 years including global exploration experience and project management with budgets up to $50 Million annually. His global experience ranges from the Canadian Arctic to Australia. Mr. L'Heureux more recently focused on British Columbia-based projects, overseeing large exploration campaigns at the Lawyers-Ranch Gold-Silver Project with total combined gold resources of 4,705,000 AuEq (M&I, Inferred) located in the Toodoggone Region which is in close proximity to Omega's Williams Property. Mr. L'Heureux obtained a B.Sc. Geology from the University of Alberta (1997) and M.Sc. Economic Geology from the University of Western Ontario (2003).

On April 10, 2024 the Company closed a Non-Brokered Private Placement through the issuance of 6,184,000 common shares at a price of $0.50 for gross proceeds of $3,092,000. The Company paid finder's fees totaling $83,960 and 167,720 Finder's Warrants. Each Finders Warrant entitles the holder to purchase one Common Share at $0.50 for 12 months from closing.

On March 1, 2024 the Company announced it had entered into a definitive option agreement the ("Williams Agreement") with CopAur Minerals Inc. to acquire up to 100% interest in the Williams Property , located in the Toodoggone District of north-central British Columbia. According to the terms of the Williams Agreement, the Company can earn a 51% interest by:

- Incurring $3,000,000 in exploration expenditures before the first anniversary;
- Paying CopAur $1,000,000;
- Issuing CopAur 3,000,000 common shares.

The Company may exercise a second option to earn an additional 29% interest (for a total of 80%) by:

- Incurring an additional $3,000,000 in exploration expenditures by the second anniversary;
- Paying CopAur $500,000;
- Issuing CopAur 2,000,000 common shares.
- If the Company elects to not exercise the second option to acquire an additional 29%, it will relinquish and transfer back to CopAur a 1.01% interest in the Williams Property, thereby retaining a 49.99% interest in the property and triggering a joint venture to advance the Property. The Operator of the joint venture would be the party holding 50% interest or greater.

Omega may exercise a third option to acquire the remaining 20% interest, on or before the third anniversary, by:

- Paying CopAur an amount equal to the fair market value of the remaining 20% as determined by an independent valuator;
- The final 20% may be paid in cash and/or common shares;
- If the Company exercises the second option, but does not exercise the third option to acquire 100% interest in the Property, the parties will be deemed to form a joint venture on an 80:20 ratio in favor of the Company. The Company will retain operatorship to advance the Property.

**Willams Property**

On February 29, 2024, the Company entered an Option/Joint Venture Agreement with CopAur Minerals Inc. to acquire up to a 100% interest in the Williams Property (the "Williams Option") located in northern British Columbia, Canada approximately 150 km southeast of Dease Lake and 330 km north of Smithers, BC. Exploration work at the Williams Property is granted under a Mines Act Free Use Permit, currently approved until March 2028. The 11,489 Ha (114.89 square km) Williams Property holds two key prospects, GIC and T-Bill. Since entering the Williams Option, the Company has focused attention on the GIC Prospect, where previous operators encountered gold mineralization of 2.0 g/t over 50 meters in drill hole WM22-02 (2022) that also ended in mineralization. The Company completed a 4-hole 1,700 metre drill program at the GIC Prospect during the 2024 exploration season and encountered robust gold mineralization in each drill hole. The Company is designing a follow up, second phase exploration program for the 2025 exploration season.

The following summarizes the cumulative costs capitalized to the Williams Property exploration and evaluation asset as at October 31, 2024 and 2023:

| | $ |
|---|---|
| **Balance, October 31, 2022 and 2023** | **-** |
| Addition: property option payments | 3,312,155 |
| **Balance, October 31, 2024** | **3,312,155** |

The exploration expenses incurred on the Williams Property during the year ended October 31, 2024 are presented in the following table:

| | $ |
|---|---|
| Assay and analysis | 83,024 |
| Geologist consulting fees | 661,506 |
| Fieldwork and supplies | 861,604 |
| Transportation and travel | 628,726 |
| Other exploration expenses | 10,778 |
| **Total** | **2,245,638** |

**Lekcin Property**

On August 10, 2022, the Company entered into a Binding Letter Agreement (the "Lekcin Agreement") whereby the Company will have the right to earn a 100% interest in the Lekcin Property. The Lekcin Property is comprised of 2,521 hectares including 5 BC Mineral Titles Online (" BCMTO") claim tenures located in the New Westminster Mining Division, British Columbia, Canada. The claims are adjacent to the past producing Giant Mascot nickel-copper mine that was intermittently active between the 1930's and 1973. Average grades of the Giant Mascot mine were 0.6% Ni and 0.3% Cu. Previous work on the Lekcin Property identified two nickel and copper showings and several occurrences of ultramafic intrusions, similar to what hosts the Giant Mascot mine and is the host rock for the target style of mineralization.

In accordance with terms of payment in the second year of the Lekcin Agreement, the Company paid $20,000 and issued 100,000 common shares to the Lekcin Property Optionors, and incurred $120,000 in exploration expenditures.

| Cash payment amount to Optionors | Shares to be issued to Optionors | Minimum exploration requirements |
|---|---|---|
| $16,000 within 7 business days of signing the agreement (paid). | 100,000 shares to be issued within 10 days of listing on the Canadian stock exchange (issued). | $75,000 to be spent on or before the 1st anniversary date of the effective date (met). |
| $20,000 to be paid on or before the 1st anniversary date (paid). | 100,000 shares to be issued on the 1st anniversary date of the Lekcin Agreement (issued). | $120,000 to be spent on or before the 2nd anniversary date of the effective date. (met) |
| $32,000 to be paid on or before the 2nd anniversary date (paid). | 200,000 shares to be issued on the 2nd anniversary date of the Lekcin Agreement (issued). | $240,000 to be spent on or before the 3rd anniversary date of the effective date. |
| $48,000 to be paid on or before the 3rd anniversary date. | 200,000 shares to be issued on the 3rd anniversary date of the Lekcin Agreement. | $600,000 to be spent on or before the 4th anniversary date of the effective date. |
| $84,000 to be paid on or before the 4th anniversary date. | 400,000 shares to be issued on the 4th anniversary date of the Lekcin Agreement. | |
| Total cash $200,000 | 1,000,000 shares | $1,035,000 |

Excess expenditures from one year can be applied to the next. If there is a shortfall in exploration expenditures in any one year, the Agreement can be maintained in good standing by making a payment, in the equivalent cash, of the shortfall to Optionor. If the optionee spends more funds in one year than prescribed by this section, the surplus will be applied and carried forward to the following years.

In addition, the optionor will receive an additional 500,000 shares on the confirmation of a resource on the Lekcin Property and an additional 500,000 shares upon a decision by the optionee to produce minerals from the property.

The Lekcin Property is subject to a 2% Net Smelter Royalty ("NSR") royalty in favour of the property Optionors. The Company has the right to purchase 1% of the NSR for $3,200,000 any time prior to the commencement of commercial production. The NSR buy-out price will be adjusted annually according to the consumer price index with a base of December 31, 2025.

The following summarizes the cumulative costs capitalized to the Lekcin Property exploration and evaluation asset as at October 31, 2024 and 2023:

| | $ |
|---|---|
| **Balance, October 31, 2022** | **16,000** |
| Addition: property option payments | - |
| **Balance, October 31, 2023** | **99,000** |
| Addition: property option payments | 68,000 |
| **Balance, October 31, 2024** | **167,000** |

The exploration expenses incurred on the Lekcin Property during the year ended October 31, 2024 are presented in the following table:

| | $ |
|---|---:|
| Assay and analysis | 1,646 |
| Geologist consulting fees | 105,660 |
| Fieldwork and supplies | 812 |
| Transportation and travel | 2,861 |
| Other exploration expenses | 303 |
| **Total** | **111,282** |

The results of the exploration program were announced by the Company in a press release on November 19, 2024.

**RESULTS OF OPERATIONS**

| | **Three months ended October 31,** | | **Year ended October 31,** | |
|---|---:|---:|---:|---:|
| | **2024** | 2023 | **2024** | 2023 |
| **Operating Expenses** | | | | |
| Investor relations | **17,357** | - | **158,156** | - |
| Professional fees | **19,060** | 2,673 | **30,363** | 23,468 |
| Listing expenses | **8,654** | - | **65,327** | 41,222 |
| Management and consulting fees | **39,930** | 10,802 | **186,180** | 39,666 |
| Marketing | **256,535** | - | **659,380** | - |
| Office and administrative | **143** | 7 | **3,521** | 6 |
| Regulatory and transfer agent fees | **8,360** | 3,032 | **40,072** | 11,315 |
| Exploration expenses | **300,186** | - | **2,356,920** | 31,746 |
| **Total** | **650,225** | 16,514 | **3,499,919** | 147,423 |

**FOR THE YEAR ENDED OCTOBER 31, 2024**

The Company's loss and comprehensive loss for the year ended October 31, 2024, was $3,499,915. The loss was primarily comprised of the following items:

a) Investor relations and marketing fees for the year ended October 31, 2024, were $817,536, compared to investor relations and marketing expenses of $nil in the comparative period, a substantial increase as the Company conducted marketing and investor relations campaigns to publicize the acquisition and exploration results of its newly acquired Williams Property.

b) Professional fees for the year ended October 31, 2024, were $30,363 which comprised of accounting fees and audit and tax preparation services compared to professional fees of $23,468 for the prior comparative year that comprised of preparation of a prospectus and listing on the Canadian Securities Exchange ("CSE"), audit and tax preparation services.

c) Listing and filing fees totaled $65,327 of which $34,450 related to listing the Company's shares on the OTCQB and the remainder related to ongoing disclosure and an increased level of disclosure concerning exploration activities. Listing expenses for the comparative period totaling $41,222 were comprised of $15,750 to list the Company's shares on the CSE, $21,195 for legal services, and $4,277 for filing fees.

d) Management and consulting fees totaling $186,180 were comprised of management fees related to the Company's executive officers and accounting and corporate services fees compared to a lower management and consulting fees of $39,666, due to a minimal corporate activity, during comparative period.

e) Regulatory and transfer agent fees of $40,072 were comprised of $2,675 in regulatory and SEDAR filing fees, $4,140 for transfer agent fees, and $4,500 for CSE sustaining fees compared to $11,315 filing fee for the prior comparative period.

f) Exploration expenses for the year ended October 31, 2024, were $2,356,920 compared to exploration expenses of $31,746 for the prior comparable period. The increase was due to the Company carrying out a drill program on the Williams Property and more exploration work on the Lekcin Property during the current year.

**FOR THE THREE MONTHS ENDED OCTOBER 31, 2024**

The Company's loss and comprehensive loss for the three months ended October 31, 2024, was $650,225. The loss was primarily comprised of the following items:

a) Investor relations and marketing fees for the year ended October 31, 2024, were $273,892 compared to investor relations and marketing expenses of $nil in the comparative period, a substantial increase as the Company conducted marketing and investor relations campaigns to publicize the acquisition and exploration results of its newly acquired Williams Property.

b) Professional fees for the three months ended October 31, 2024, were $19,060, compared to professional fees of $3,689 for the prior comparable quarter. The increase was due to accounting fees and audit fees in the comparative period.

c) Exploration expenses the three months ended October 31, 2023, was $300,186 compared to $nil for the prior comparative period. The increase was due to the Company carrying out no exploration work during the comparative period.

## SELECTED ANNUAL INFORMATION

| | 2024 | 2023 | 2022* |
|---|---|---|---|
| **Financial Results** | | | |
| Revenue | - | - | - |
| Net loss | (3,499,915) | (147,423) | (104.628) |
| Net loss per share – basic and diluted | (0.13) | (0.01) | (0.02) |
| **Balance Sheet Data** | | | |
| Total assets | 3,993,569 | 448,786 | 532,967 |
| Total current liabilities | 527,655 | 19,091 | 18,849 |
| Shareholders' equity | 3,465,914 | 429,695 | 514,118 |

***Period from June 3, 2022 (inception) to October 31, 2022***

## SUMMARY OF QUARTERLY RESULTS

Selected financial data published for operations of the Company during the last eight quarters are as follows:

| **3 months ended (in Dollars)** | **October 2024 (Q4)** | **July 2024 (Q3)** | **April 2024 (Q2)** | **January 2024 (Q1)** | **October 2023 (Q4)** | **July 2023 (Q3)** | **April 2023 (Q2)** | **January 2023 (Q1)** |
|---|---|---|---|---|---|---|---|---|
| Net loss | (650,221) | (2,658,298) | (172,998) | (18,398) | (16,514) | (16,025) | (62,654) | (52,230) |
| Loss per share - basic and diluted | (0.02) | (0.08) | (0.01) | (0.01) | (0.00) | (0.00) | (0.00) | (0.01) |
| Total assets | 3,993,569 | 6,009,443 | 5,766,075 | 421,844 | 448,786 | 436,634 | 452,710 | 504,222 |
| Total liabilities | 527,655 | 1,920,521 | 94,916 | 10,547 | 19,091 | 18,425 | 69,476 | 42,334 |

## LIQUIDITY AND CAPITAL RESOURCES

The Company has no operations that generate cash flow. The Company's future financial success will depend on its ability to raise capital or through the discovery and development of one or more economic mineral deposits. Discovery and development may take many years, can consume significant resources and is largely based on factors that are beyond the control of the Company and its management. To date, the Company has financed its activities by the issuance of equity securities, consisting of a combination of flow-through and non-flow-through securities. In order to continue funding exploration activities and corporate costs, the Company is reliant on their ongoing ability to raise financing through the sale of equity. This is dependent on positive investor sentiment, which in turn is influenced by a positive climate for the target commodities, a company's track record, and the experience and caliber of the Company's management. There is no assurance that equity funding will be accessible to the Company at the times and in the amounts required to fund the Company's activities. There can be no assurance that consultants, service providers, and advisors will continue to extend unpaid accounts, services, and liabilities to the Company in order to maintain its business and filing requirements as a reporting issuer.

As at October 31, 2024, the Company had a working capital deficit of $13,241 compared to a working capital surplus of $330,695 as at October 31, 2023.

## SHARE CAPITAL AND OUTSTANDING SHARE DATA

The Company has unlimited authorized common shares. As at the date of this report the Company the following:

| | February 26, 2025 |
|---|---|
| Common shares outstanding: | 34,282,796 |
| Stock options | - |
| Warrants<br>(weighted average exercise price of $0.13) | 7,000,651 |
| **Fully diluted common shares outstanding** | **41,283,447** |

Summary details of share issuances for the year ending October 31, 2024

- On April 8, 2024, the Company closed a non-brokered private placement by issuing 6,184,000 common shares of the Company at the price of $0.50 per share, for gross proceeds of $3,092,000. In connection with the private placement, the Company recorded $139,725 of cash share issuance costs. The Company also issued 255,720 broker warrants at a fair value of $153,647 in connection with the private placement. Each broker warrant entitles the holder to acquire one common share at a price of $0.50 per share until April 8, 2025.
- On April 24, 2024 the Company issued 3,000,000 common shares to CopAur Minerals Inc. pursuant to an Option Agreement to acquire up to a 100% interest in the Williams Property.
- On July 2, 2024, the Company closed a non-brokered private placement by issuing 1,485,945 flow-through common shares of the Company at the price of $0.73 per share, for gross proceeds of $1,084,740. In connection with the private placement, the Company recorded $84,871 of cash share issuance costs. The Company also issued 103,281 broker warrants at a fair value of $59,826 in connection with the private placement. Each broker warrant entitles the holder to acquire one common share in a range of prices of $0.73 to $0.80 per share until July 2, 2025.
- On September 18, 2024 the Company issued 71,500 common shares in consideration for the purchase of mineral claims located directly west of the Williams Property.
- On October 15, 2024 the Company issued 200,000 commons shares as consideration for a scheduled option payment, pursuant to an Option Agreement for the Lekcin Property.

## OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements or commitments.

## PROPOSED TRANSACTIONS

As at October 31, 2024, the Company does not have any proposed transactions.

## RELATED PARTY TRANSACTIONS

<u>Balances</u>

At October 31, 2024, accounts payable and accrued liabilities include $93,345 (October 31, 2023 - $7,400) owing to directors and officers of the Company, . These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Transactions

| Related Party | Nature of Relationship |
|---|---|
| Jason Leikam/1318434 B.C. Ltd. | CEO/Company controlled by CEO |
| Mark Minckler | CFO |
| Sheri Rempel/ARO Consulting | Former CFO/Company controlled by former CFO |
| Robert L'Heureux/2596201 Alberta Ltd. | Director/Company controlled by director |

| Payee | Nature of the transaction | For the year ended October 31, 2024 | For the year ended October 31, 2023 |
|---|---|---|---|
| CEO | Management and consulting fees | **$ 80,000** | $ - |
| CFO | Management and consulting fees | **15,000** | - |
| Director (Robert L'Heureux) | Geological consulting fees | **64,000** | - |
| Former CFO | Management and consulting fees | **32,430** | 39,666 |
| | | **$ 191,430** | $ 39,666 |

All related party transactions are in the normal course of operation and have been measured at the agreed amount, which is the amount of consideration established and agreed to by the related parties.

**ACCOUNTING POLICIES**

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations and may require management to make judgements or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing the financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

**CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during this period.

Although management uses historical experience and its best knowledge of the amount, events, or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of evaluation and exploration assets and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Going concern

Management assesses the Company's ability to continue as a going concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events, whose subsequent changes could materially impact the validity of such an assessment.

Impairment of assets

The impairment assessment of a financial asset requires judgment. Management evaluates the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. When the fair value declines, management makes a judgment if the decline in value is other than temporary impairment to be recognized in profit or loss.

**FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. The carrying values of cash, accounts payable and accrued liabilities approximate their fair values because of the relatively short-term nature of the instruments. These estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumption could significantly affect the estimates.

There are three levels of the fair value hierarchy as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The Company's cash is considered to be Level 1 within the fair value hierarchy.

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board of Directors approves and monitors the risk management process, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized as follows:

Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Credit risk

The Company's cash is held in large Canadian financial institutions. The Company has not experienced nor is exposed to any significant credit losses. As a result, the Company's exposure to credit risk is minimal.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no interest-bearing assets or liabilities, the Company is not exposed to significant interest rate risk.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

The Company aims to have sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from its ability to raise equity capital or borrowing sufficient funds and its holdings of cash and cash equivalents.

**OTHER RISK AND UNCERTAINTIES**

Core Business

The Company's business is in the mining and exploration sector with no active operations.

Significant capital investment, geological and mining personnel, management, and consultants will be required for the development of any potential mining and exploration project.

There is no certainty that any expenditure to be made by the Company as described herein will result in successful mining and exploration. There is aggressive competition within the mineral exploration and development sector with larger exploration companies developing their own assets. Larger companies may also have greater financial and personnel resources to maintain and increase their competitive advantage. As such, significant capital investment is required along with extensive other resources to develop any potential mineral claims and future mining operations, if attainable. There can be no assurance the Company will be successful in obtaining the required capital on acceptable terms to reach its business objectives.

Some risks the Company may be exposed to include, but are not limited to, the following:

Exploration and Development

Exploration for and development of minerals involves significant risks, and despite careful and diligent evaluation, experience and knowledge of management and key consultants and contractors, the Company may not eliminate all risks. Few exploration assets are ultimately developed to the mine production stage. There are no guarantees that any minerals and/or deposits identified will be economically recoverable. There can be no assurance that any discovered minerals will result in the definition of a mineral resource. The Company's operations are subject to all the hazards and risks typically encountered in the exploration and development of mineral assets. These include unexpected geological formations, seismic activity, flooding and other natural conditions that may prevent access or development of mineral properties, damage to life or property, environmental damage, and possible legal liability. Although precautions to mitigate all risks are taken, exploration and development activities are subject to hazards that may result in adverse impacts on the Company's business, operations and financial performance. Significant resources are required to identify and establish mineral deposits through drilling and other geological techniques. The remoteness and restrictions to access of the

Company’s mineral properties may have an adverse effect on the economics of asset development. There are additional physical risks associated with exploring for and developing mineral assets, such as difficult terrain and limited work seasons due to climate conditions. While benefits may be derived from the discovery and development of mineral resources, no assurance can be given that the minerals will be discovered in sufficient quantities and values to justify development into commercial mining operations or that the necessary capital to achieve production can be obtained on a timely basis.

The long-term commercial success of the Company depends on its ability to explore, develop and commercially produce minerals from its exploration and evaluation assets and to locate and acquire additional properties worthy of exploration and development for minerals. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participation uneconomic

Economic and Commodity Volatility

The price of minerals and metals is volatile and affected by numerous factors beyond the Company’s control. These include supply and demand, consumer product demand, international economic and trade, foreign exchange rate fluctuations, interest rates, price inflation, geopolitical risk, domestic and international political events, land claims and other market conditions. Low commodity prices may render mineral deposits as well as the exploration for these commodities uneconomic.

Environmental Risks

All phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation includes restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability, and potentially increased capital expenditures and operating costs. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at any future-producing exploration and evaluation assets or require abandonment or delays in the development of new mining properties.

Reliance on Key Personnel

The success of the Company will be largely dependent upon the performance of its management and key employees and contractors. In assessing the risk of an investment in the shares of the Company, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the proposed management of the Company.

Permits and Licensing

The Company is subject to approvals and laws governing exploration and development of mineral assets. These include labour standards, community and Indigenous government consultation and engagement, occupational health and safety, dangerous substance handling. Changes to current laws and regulations may adversely impact on the activities of the Company.

Uninsured Risks

The Company may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured due to high premium costs. Furthermore, the Company may incur a liability to third parties (in excess of any insurance coverage) arising from negative environmental impacts or any other damage or injury.

Unforeseen Expenses

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

Conflicts of Interest

The Company's directors and officers also serve as directors and/or officers in other private and public companies involved in other business ventures. Consequently, there exists the possibility for these individuals to be in a position of conflict. Any decision made by these individuals involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. As such, these individuals would refrain from voting on the conflicted matter and would be forced to forego potential business or conduct such business in conflict.

Negative Operating Cash Flows

As the Company is in the early development stage, it will continue to have negative operating cash flows without the development of revenue streams from its business. Positive operating cash flows require the Company to complete successful mineral exploration to first identify viable exploration targets through seismic, geographic surveying, drilling, sampling, assays, 43-101 technical report and mining operations, none of which can be assured.

Going Concern Risk

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management of the Company will have to raise capital through private placements or debt financing and proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time.

Operating History and Expected Losses

The Company expects to make significant investments in order to develop its services, increase marketing efforts, improve its operations, and conduct research and development. As a result, start-up operating losses are expected, and such losses may be greater than anticipated, which could have a significant effect on the long-term viability of the Company.

Reliance on Joint Ventures, Partnerships, or Minority Interests

The nature of the Company's operations may require it to enter into various agreements with partners, joint venture partners, or minority interests in mineral and exploration projects.
There is no guarantee that those with whom the Company needs to deal will be successful in these joint or participating interests for mining and exploration.

Growth Management

In executing the Company's business plan for the future, there will be significant pressure on management, operations, technical, and other assets, or resources. The Company anticipates that its operating and personnel costs will increase substantially in the future when and if it is able to commence commercial operations. In order to manage its growth, the Company will have to substantially increase consultants, geological personnel, engineers, technical, human resources, and executive and administration staff to run its operations, while at the same time efficiently maintaining a large number of relationships with third parties. The Company will also have to acquire, lease, or rent a substantial amount of mining and extraction equipment. There can be no assurance that the Company will be able to meet these growth objectives.

Reliance on Key Personnel, Service Provider and Advisors

The Company relies heavily on its officers and directors, along with key service providers, business advisors and consultants. The loss of their services would have a material adverse effect on the business of the Company. There can be no assurance that directors and officers, or consultants engaged by the Company will continue to provide services in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, the majority of which is comprised of non-management directors. This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee communicates annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

## QUALIFIED PERSON

The disclosures contained in this MD&A regarding the Company's exploration and evaluation properties have been prepared by, or under the supervision of Robert L'Heureux, P.Geol., Director of the Company., and a Qualified Person for the purposes of National Instrument 43-101.

## OTHER INFORMATION

Additional information on the Company is available on SEDAR+ at www.sedarplus.ca.