

VICTORY RESOURCES CORPORATION
FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
For the Period Ended August 31, 2021 and 2020

The following management's discussion and analysis, prepared as of September 21, 2021 should be read together with the unaudited condensed consolidated interim financial statements for the period ended August 31, 2021 and related notes attached thereto (the "financial statements"), the audited financial statements for the year ended February 28, 2021 and related notes attached thereto (the "financial statements"), which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated. Readers may also want to refer to the February 29, 2020 audited financial statements.

On June 25, 2020 the Company consolidated its stock on a 10:1 basis. This MD&A reflects that consolidation on a retroactive basis.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements (see "Note Regarding Forward-Looking Statements").

Additional information related to Victory Resources Corporation is available for view on SEDAR at www.sedar.com.

DESCRIPTION OF THE BUSINESS

Victory Resources Corporation, ("Victory" or "the Company") is a publicly traded company (CSE: VR) incorporated under the laws of British Columbia, Canada. The Company has been a junior exploration stage mining corporation with interests in North America. The Company has no plans to divest itself of its existing operations in respect of its assets in South Central British Columbia, although it is currently seeking and investigating other business opportunities in the mining space.

INVESTMENTS AND DEPOSITS

Deposits

CIA Cannabis Intelligence Agency Inc. ("CIA")

During the year ended February 29, 2020, the Company entered into an LOI with CIA with respect to an equity investment. The Company advanced \$80,000 to CIA by way of a secured loan bearing interest at 8% and repayable in one year. Subsequent to the period ended May 31, 2021, the loan was extended to be repayable by February 28, 2023. Security on the loan consists of a general security interest against the assets and undertakings of CIA. The Company has recorded this amount as a deposit until such time as the transaction is completed and an equity investment in CIA is received.

Long-term investments

Glenbriar Technologies Inc. ("Glenbriar")

During the year ended February 29, 2020, the Company advanced \$150,000 to Glenbriar for the future issuance of common shares which was recorded as a deposit. On March 20, 2020, the Company received 6,000,000 common shares with a fair value of \$180,000 with respect to this deposit resulting in an unrealized gain on investment of \$30,000. At February 28, 2021, the fair value of the shares was \$180,000. At August 31, 2021, the fair value of the shares was \$180,000.

Love Hemp Group PLC ("Love Hemp") (formerly World High Life PLC)

On October 22, 2019, the Company purchased 6,666,670 convertible debenture units (the "Debentures") of Love Hemp for \$1,100,000. Love Hemp is a UK CBD wellness and medicinal cannabis investment company listed on the London NEX Exchange under the symbol LIFE. The debentures pay interest of 10% annually, and are convertible into ordinary shares of

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Love Hemp at a price of £0.10 per share, subject to Love Hemp's right to force conversion upon 30 days' notice in the event that the Ordinary Shares trade at £0.30 or higher for a 10 day period. The debenture units consisted of a £1.00 principal amount and included 1 warrant to purchase additional ordinary shares at a price £0.15 per share for two years (6,666,670 warrants in total), subject to Love Hemp's right to accelerate the maturity date upon 30 days' notice in the event that the Ordinary Shares trade at £0.25 or higher for a 10 day period. The debentures mature two years plus one day from closing.

On October 22, 2019, the initial fair value of the convertible debenture was determined to be the initial cost of \$1,100,000, which was split between the principal note and the conversion feature being \$606,498 and \$493,502, respectively. Initially, \$Nil was allocated to the warrants received.

On July 3, 2020 the Company converted all of the debentures and accrued interest into 7,182,138 Love Hemp shares. The Company recorded a \$201,745 realized loss on the investment.

As at February 28, 2021:

- i) the warrants were fair valued at \$1,905 (February 29, 2020 - \$321,570) using the Black- Scholes option pricing model and a discounted cash flow with the following assumptions: estimated share price of £0.0388 (2020 - £0.1075); conversion price of £0.15; risk-free interest rate of 0.22% (2020 - 1.84%); dividend yield of 0%; stock price volatility of 81% (2020 - 100%), an expected life of 0.53 years (2020 - 1.65 years).
- ii) during the period ended February 28, 2021, the Company recorded \$95,572 of interest income.

During the year ended February 28, 2020, the Company entered into a loan agreement with Love Hemp whereby the Company loaned Love Hemp \$300,000 with an annual interest rate of 10% repayable by January 30, 2021. On September 30, 2020 the Company entered into a loan agreement whereby the Company loaned Love Hemp \$50,000 with an annual interest rate of 10% repayable by January 30, 2021. The Company entered into a settlement agreement with Love Hemp on November 10, 2020. 9,196,950 Love Hemp common shares at £0.02 for total consideration £183,749 including interest £4,696 were issued on November 24, 2020.

On August 31, 2021, the Company held 13,820,600 shares of Love Hemp with a fair value of \$671,494 (February 28, 2021 - 14,702,138 shares with a fair value of \$1,376,449). During the six months period ended August 31, 2021 the Company sold 881,538 shares of Love Hemp for total proceeds \$75,709 and recorded the realized loss on the Love Hemp long-term investments of \$6,876. During the six month period ended August 31, 2021, the Company recorded an unrealized loss on the Love Hemp long-term investments of \$671,494 (Year ended February 28, 2021 - \$222,602).

EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims that may be impacted by the conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties, and to the best of its knowledge, title to all of its properties are properly registered and in good standing.

Toni Property, Nicola Division, British Columbia

The Company has a 100% interest in the Toni Property and is not aware of any charges, encumbrances or claims. As consideration the Company paid \$30,000, issued 30,000 common shares and incurred at least \$250,000 in cumulative exploration expenditures during the years ended February 28, 2006 and 2007. The property is subject to a 2% net smelter returns royalty.

During the year ended February 28, 2021, the Company determined the Toni Property to be impaired as the Company's claims were allowed to expire, and wrote down the carrying value to \$Nil in accordance with level 3 of the fair value hierarchy.

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Hammond Reef South, Ontario

The Company entered into an agreement dated July 27, 2020 and amended on August 5, 2020 to earn a 100% interest in the Hammond Reef South Project, in Northwestern Ontario. To earn the interest, the Company must make cash payments totaling \$275,000 and issue a total of 2,750,000 common shares. During the year ended February 28, 2021, the Company paid \$50,000, issued 500,000 shares at a fair value of \$0.20 per share or \$100,000, and paid finders' fees of \$4,000.

During the year ended February 28, 2021, the Company determined the Hammond Reef South property to be impaired, due to a lack of mineral deposit findings and the lapsing of the exploration claims, and wrote down the carrying value to \$Nil in accordance with level 3 of the fair value hierarchy. During the period ended August 31, 2021 the Company made a final cash payment of \$6,000 for option lapse and wrote down this amount.

Rich Lake Lithium Property, Ontario

During the year ended February 29, 2016, the Company acquired claims in the area designated as the Rich Lake Lithium Property. During the years ended February 28, 2018 and February 28, 2021, the Company fully impaired the Rich Lake Lithium Property, due to the claims to the property being allowed to lapse, in accordance with level 3 of the fair value hierarchy.

Lac Simard Property, Quebec

On September 22, 2020, the Company acquired the Las Simard Property in Quebec by issuing 5,000,000 shares at a fair value of \$0.075 per share or \$375,000. The Company must make the following payment: \$25,000 in cash due on acquisition (unpaid). The Company has engaged Abitibi Geophysics to undertake a ground mag survey on the Lac Simard property for \$19,530.

Mal-Wen Property, British Columbia

The Company has certain claims to the Mal-Wen property.

Black Diablo Property, USA

During the year ended February 28, 2021, the Company staked certain claims to the Black Diablo Property, located in Nevada, USA. During three months period ended May 31, 2021 the Company paid \$3,888 toward exploration expenditures.

Loner Property, USA

On December 1, 2020, the Company entered into an option agreement to acquire the right to acquire an 80% interest in the Loner Property, located in the USA. To acquire the right, the Company paid \$26,318 (US\$20,000), a Bond and Permit Payment of \$15,682, and paid staking fees of \$5,240, and must make the following payments:

- i) US\$20,000 on or before May 8, 2021 (paid subsequently);
- ii) US\$40,000 on or before December 8, 2021;
- iii) US\$60,000 on or before December 8, 2022;
- iv) US\$100,000 on or before December 8, 2023;
- v) US\$160,000 on or before December 8, 2024.

During the year ended February 28, 2021, the Company also paid \$20,922 of staking and permit fees to add to the land package.

Smokey Lithium Property, USA

On April 14, 2021 the Company acquired the Smokey Lithium Project, located in Esmeralda County, Nevada by issuing 1,500,000 common shares. The property is subject to a net smelter return royalty equal to 2% on revenues derived from the sale of lithium and other ores extracted from the property. The Company has the right to buy one half (1%) of the royalty at any time for \$1,000,000 in cash. The Company has further agreed to pay the vendor \$1,000,000 in cash or common shares in 4 staged payments (90-day intervals), upon completion of a positive feasibility study. During three months period ended May 31, 2021 the Company paid \$89,600 for staking fees and \$132,370 for claims as a part of this property acquisition and \$19,174 towards exploration expenditures.

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LIQUIDITY AND CAPITAL RESOURCES

Continuance of Operations and Going Concern

The condensed consolidated interim financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at August 31, 2021, the Company has a deficit of \$34,107,527 (February 29, 2020 - \$29,412,380). The Company is in the process of exploring and developing its mineral properties and has not yet determined whether those properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to fund property commitments and to complete the exploration and development of the properties and upon achieving future profitable production or proceeds from the disposition thereof. These uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

The Company has financed its operations primarily through the issuance of common shares, proceeds from loans and advances from related parties. The Company continues to seek capital through various means including the issuance of equity and/or debt. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future or on terms that are favorable to the Company. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

Liquidity

At August 31, 2021, the Company had working capital of \$645,078 (At February 28, 2021 working capital – \$11,611).

During the period ended August 31, 2021, the Company had the following cash flows:

- i) cash used in operating activities of \$855,696 consisting primarily of general operational costs including consulting fees, management fees and professional fees.
- ii) cash provided by financing activities of \$2,064,047 consisting primarily of proceeds of \$2,281,513 from the issuance of shares and \$6,147 in loans repayable.
- iii) cash used in investing activities of \$565,256 consisting primarily of an exploration and evaluation expenditures of \$622,823 and proceeds from long-term investments of \$77,747.

During the period from March 1, 2021 to August 31, 2021, the Company:

- i) completed a non-brokered private placement of 8,304,001 units at \$0.075 per unit for gross proceeds of \$622,800. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one additional share at price of \$0.08 per share, with an expiry date of March 9, 2023. The Company incurred cash finder fees of \$28,464 and issued 379,520 finder's warrants with a fair value of \$14,400 using the Black-Scholes option pricing mode. The warrants have the same term as those in the private placement unit. During the year ended February 28, 2021, the Company received \$127,500 of funds towards the placement.
- ii) granted 1,645,000 stock options to officers, directors, employees and consultants of the Company. The options are exercisable at a price of \$0.075 per option for a period of five years.
- iii) cancelled 492,000 stock options to officers, directors, employees and consultants of the Company. The options were

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exercisable at a price of \$0.7125 per option for a period of five years.

- iv) granted 3,400,000 stock options to officers, directors, employees and consultants of the Company. The options are exercisable at a price of \$0.10 per option for a period of five years.
- v) completed a non-brokered private placement of 17,624,593 units at \$0.07 per unit for gross proceeds of \$1,233,722. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one additional share at price of \$0.10 per share, with an expiry date of May 15, 2023. The Company incurred cash finder fees of \$67,649 and issued 924,419 finder's warrants with a fair value of \$36,200 using the Black-Scholes option pricing mode. The warrants have the same term as those in the private placement unit.
- vi) issued 2,615,000 common shares upon the exercise of stock options for total proceeds of \$156,125.
- vii) issued 4,713,667 common shares upon the exercise of warrants for total proceeds of \$471,367.
- viii) acquired the Smokey Lithium Project, located in Esmeralda County, Nevada by issuing 1,500,000 common shares.

Capital Resources

As our exploration-stage properties are not revenue generating, the Company's sole source of long-term funding has traditionally been the issuance of common shares for cash, primarily through private placements to sophisticated investors.

The Company has traditionally supplemented equity financing from time to time by obtaining loans from related parties. These are used to provide interim, short-term financing to meet day-to-day cash flow needs, on occasion, and are not intended to be a long-term source of capital.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

There are no proposed transactions that have not been disclosed herein.

RELATED PARTY TRANSACTIONS

Management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and directors.

Key management personnel compensation during the six months ended August 31, 2021 and August 31, 2020 was as follows:

	August 31, 2021	August 31, 2020
Management and directors' fees	\$ 190,800	\$ 48,000
Accounting and professional fees, included in professional fees	-	10,838
Legal fees, included in professional fees	-	800
	<u>\$ 190,800</u>	<u>\$ 27,800</u>

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The amounts due to the related parties are as follows:

	August 31, 2021	August 31, 2020
Due to directors and officers	\$ 1,852	\$ -
Due to a company with common directors	19,530	800
	<u>\$ 21,382</u>	<u>\$ 800</u>

The amounts owing are unsecured, non-interest bearing and have no fixed term for repayment.

Results of Operations

For the six months ended August 31, 2021

Below are the significant changes in expenses when comparing the six months ended August 31, 2021 to the six months ended August 31, 2020:

- Advertising and promotion expenses of \$397,489 (2020 - \$198,473) increased primary as a result of an increase in prospective business developments initiatives.
-
- Consulting decreased to \$284,260 (2020 - \$360,280) as a result of decreased consulting fees.
- Management and directors' fees of \$190,800 (2020 - \$24,000) increased primary as a result of an increase in prospective business developments initiatives.
- Professional fees of \$44,596 (2020 - \$76,175) decreased primary as a result of a decrease in prospective business developments initiatives.
- Travel increased to \$39,976 (2020 - \$Nil) as a result of easing the travel restrictions during COVID-19 pandemic.
- Other variations in expenses in the period presented reflect the variation inherent in normal course operations. We expect other items to remain at relatively constant levels, as these primarily reflect recurring operational expenses that do not vary significantly within a certain range of corporate and exploration activity.

For the three months ended August 31, 2021

Below are the significant changes in expenses when comparing the three months ended August 31, 2021 to the three months ended August 31, 2020:

- Advertising and promotion expenses of \$64,702 (2020 - \$169,165) decreased primary as a result of an decrease in prospective business developments initiatives.
-
- Consulting decreased to \$21,000 (2020 - \$307,780) as a result of decreased consulting services.
- Management and directors' fees of \$57,600 (2020 - \$24,000) increased primary as a result of an increase in prospective business developments initiatives.
- Professional fees of \$27,227 (2020 - \$75,577) decreased primary as a result of a decrease in prospective business developments initiatives.
- Travel increased to \$9,975 (2020 - \$Nil) as a result of easing the travel restrictions during COVID-19 pandemic.
- Other variations in expenses in the period presented reflect the variation inherent in normal course operations. We expect other items to remain at relatively constant levels, as these primarily reflect recurring operational expenses that do not vary significantly within a certain range of corporate and exploration activity.

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SUMMARY OF QUARTERLY RESULTS

	Three Months Ended August 31, 2021	Three Months Ended May 31, 2021	Three Months Ended February 28, 2021	Three Months Ended November 30, 2020
Total assets	\$ 3,001,695	\$ 3,491,326	\$ 2,436,739	\$ 2,382,061
Working capital	645,078	1,016,247	11,611	415,961
Shareholders' equity	2,764,346	3,120,919	2,103,940	2,022,657
Net loss	(356,572)	(1,783,821)	(352,215)	(575,547)
Loss per share	(0.00)	(0.02)	(0.01)	(0.07)

	Three Months Ended August 31, 2020	Three Months Ended May 31, 2020	Three Months Ended February 29, 2020	Three Months Ended November 30, 2019
Total assets	\$ 2,484,819	\$ 1,910,306	\$ 1,938,123	\$ 1,962,196
Working capital (deficiency)	1,187,730	(185,726)	97,423	250,236
Shareholders' equity	2,138,203	1,330,100	1,525,516	1,818,472
Net income (loss)	(1,431,577)	(195,416)	(97,928)	(97,514)
Income (loss) per share	(0.06)	(0.1)	(0.1)	(0.0)

For the three months ended August 31, 2021, the Company incurred a net loss of \$356,572 primarily due to advertising and promotion expenses and professional advertising and promotion expenses, consulting fees, professional costs and stock-based compensation incurred during the current period as a result of prospective business developments initiatives. As well the Company incurred an unrealized loss on long-term investments of \$127,437 relating to no change in the fair value.

For the three months ended May 31, 2021, the Company incurred a net loss of \$1,783,821 primarily due to advertising and promotion expenses and professional advertising and promotion expenses, consulting fees, professional costs and stock-based compensation incurred during the current period as a result of prospective business developments initiatives. As well the Company incurred an unrealized loss on long-term investments of \$496,839 relating to a decrease in the fair value.

For the three months ended February 28, 2021, the Company incurred a net loss of \$352,213 primarily due to advertising and promotion expenses and professional advertising and promotion expenses and professional costs incurred during the current period as a result of prospective business developments initiatives.

For the three months ended November 30, 2020, the Company incurred a net loss of \$2,202,538 primarily due to unrealized capital loss as a result to reduced market price of long term investments and advertising and promotion expenses and professional advertising and promotion expenses and professional costs incurred during the current period as a result of prospective business developments initiatives.

For the three months ended August 31, 2020, the Company incurred a net loss of \$1,431,577 primarily due to unrealized capital loss as a result to reduced market price of long term investments and advertising and promotion expenses and professional advertising and promotion expenses and professional costs incurred during the current period as a result of prospective business developments initiatives.

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For the three months ended May 31, 2020, the Company incurred a net loss of \$195,416 primarily due to loss as a result to advertising and promotion expenses and professional costs incurred during the current period as a result of prospective business developments initiatives.

For the three months ended February 29, 2020, the Company incurred a net loss of \$97,928 primarily due to advertising and promotion expenses and professional costs incurred during the current period as a result of prospective business developments initiatives.

For the three months ended November 30, 2019, the Company incurred a net loss of \$97,514 primarily due to an unrealized gain on long-term investments of \$370,769 offset by advertising and promotion expenses and professional costs incurred during the current period as a result of prospective business developments initiatives.

FINANCIAL AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, amounts receivable, deposits, reclamation deposits, long-term investments, accounts payable and accrued liabilities and due to related parties. Cash and long-term investments are carried at fair value. The fair values of amounts receivable, deposits, accounts payable and accrued liabilities and due to related parties approximate their carrying amounts due to their current nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification and measurement bases of the Company's financial instruments are as follows:

Financial Instrument	Classification
Cash	FVTPL
Amounts receivable	Amortized cost
Deposits and loan receivable	Amortized cost
Long-term investments	FVTPL*
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

*Long-term investments are at FVTPL for the year ended February 28, 2021. For the year ended February 28, 2020, the long-term investments were at amortized cost.

RISKS AND CAPITAL MANAGEMENT

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risks associated with cash are minimal as the Company deposits the majority of its cash with a large Canadian financial institution. The Company's credit risks associated with its amounts receivable are monitored by management. The Company's exposure to potential loss is equal to the carrying value of the amounts receivable.

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Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure, as outlined below. As at August 31, 2021, the Company had a cash balance of \$658,875 (February 28, 2021 - \$15,780), GST receivable of \$10,569 (February 28, 2021 - \$26,824) and amounts receivable of \$Nil (February 28, 2021 - \$Nil) to settle current liabilities of \$136,392 (February 28, 2021 - \$211,663). All of the Company's trade accounts payable and amounts due to related parties have contractual maturities of 30 days or are due on demand and accounts payable are subject to normal trade terms. The Company will require financing from lenders, shareholders and other investors, or liquidation of long-term investments to generate sufficient capital to meet its short term business requirements. The Company is planning additional financings in the near term to raise working capital to finance its ongoing operations.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

As of August 31, 2021, the Company did not hold any material investments or liabilities and has no significant interest rate risk.

b) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. At May 31, 2021, the Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company has foreign currency exposure with respect to the investment in Love Hemp, which is denominated in British Pounds. A 5% change in the value of the British Pound with respect to the Canadian Dollar would impact profit or loss by approximately \$33,575.

c) Price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The recoverability of the Company's exploration and evaluation assets is indirectly related to the market price of commodities. The Company's ability to continue with its exploration of the properties is also indirectly subject to commodity prices. The Company is not currently directly exposed to fluctuations in commodity prices as the Company is currently in the exploration phase and has no production.

The recoverability of the Company's investments in Love Hemp and Glenbriar are directly tied to the market price of those Companies common shares. A 5% change in the value of the Love Hemp and Glenbriar common shares would impact profit or loss by approximately \$33,575.

Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to pursue the development of its investments and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

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The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets.

The Company can expect to encounter competition from other entities having similar investment objectives, including institutional investors and strategic investors. These groups may compete for the same investments as the Company, will have a longer operating history and may be better capitalized, have more personnel and have different return targets. As a result, the Company may not be able to compete successfully for investments. In addition, competition for investments may lead to the price of such investments increasing, which may further limit the Company's ability to generate desired returns. There can be no assurance that there will be a sufficient number of suitable investment opportunities available to invest in or that such investments can be made within a reasonable period of time. There can also be no assurance that the Company will be able to identify suitable investment opportunities, acquire them at a reasonable cost or achieve an appropriate rate of return. Identifying attractive opportunities is difficult, highly competitive and involves a high degree of uncertainty. Potential returns from investments will be diminished to the extent that the Company is unable to find and make a sufficient number of investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

CHANGES IN DIRECTORS

On June 29, 2020, Dave Cross resigned as a director of the Company to pursue other opportunities.

On December 21, 2020, the Company announced the appointment of Mr. David Deering, B.Sc. degree in Mining Engineering, to its Board of Directors and to the role of VP Exploration.

NEWLY ADOPTED ACCOUNTING POLICIES AND FUTURE ACCOUNTING POLICY PRONOUNCEMENTS

Please refer to the financial statements for the period ended August 31, 2021 on www.sedar.com.

CURRENT SHARE DATA

As at September 21, 2021, the Company has 89,930,676 common shares issued and outstanding.

At September 21, 2021, the following stock options were outstanding and exercisable:

<u>Expiry Date</u>	<u>Number of Options</u>		<u>Exercise Price</u>
December 14, 2025	2,700,000	\$	0.0550
March 10, 2025	1,030,000	\$	0.0750
March 25, 2025	3,400,000	\$	0.1000
<u>Total outstanding:</u>	<u>7,130,000</u>	<u>\$</u>	<u>0.074</u>

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At September 21, 2021, the following share purchase warrants were outstanding.

	Number of Warrants Outstanding	Exercise Price
January 21, 2022	1,893,790	\$ 0.6875
January 21, 2022	1,942,000	0.525
January 29, 2022	4,210,000	0.375
October 9, 2021	8,714,723	0.50
October 9, 2021– agent warrants	563,845	0.50
November 12, 2023	886,667	0.50
November 12, 2021 – agent warrants	1,600	0.50
August 12, 2022	20,055,665	0.10
August 12, 2022 – agent warrants	618,453	0.10
August 27, 2022	3,807,000	0.10
August 27, 2022 – agent warrants	31,200	0.10
September 18, 2022	1,780,000	0.15
March 8, 2023	8,304,001	0.08
March 8, 2023 – agent warrants	379,520	0.08
May 14, 2023	17,624,593	0.10
May 14, 2023– agent warrants	966,419	0.10
Total outstanding:	71,779,477	\$ 0.20

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer’s Annual and Interim Filings) (“NI 52-109”), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the annual audited consolidated financial statements and this accompanying annual MD&A (together the “Annual Filings”).

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements herein that are not historical facts are forward-looking statements that are subject to risks and uncertainties. Words such as “expects”, “intends”, “may”, “could”, “should”, “anticipates”, “likely”, “believes” and words of similar import also identify forward-looking statements.

Forward-looking statements are based on current facts and analyses and other information that are based on forecasts of future results, estimates of amounts not yet determined and assumptions of management, including, but not limited to, assumptions regarding the Company’s ability to raise additional debt and/or equity financing to fund operations and working capital requirements and assumptions regarding the Company’s mineral properties.

Actual results may differ materially from those currently anticipated due to a number of factors including, but not limited to, general economic conditions, the geology of mineral properties, exploration results, commodity market conditions, the Company’s ability to generate sufficient cash flows from operations and financing to support general operating activities and capital expansion plans, and laws and regulations and changes thereto that may affect operations, and other factors beyond the reasonable control of the Company.

Additional information on factors that may affect the business and financial results of the Company can be found in filings of the Company on www.sedar.com