



ESGold Corp. (formerly Secova Metals Corp.)

**FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2023**

Introduction

This management's discussion and analysis (MD&A) of ESGold Corp. is the responsibility of management and covers the nine-month period ended March 31, 2023. The MD&A takes into account information available up to and including May 31, 2023 and should be read together with the consolidated audited financial statements and accompanying notes for the year ended June 30, 2022 which are available on the SEDAR website at www.sedar.com.

Throughout this document the terms *we*, *us*, *our*, *the Company* and *ESGold* refer to ESGold Corp. All financial information in this document is prepared in accordance with International Financial Reporting Standards ("IFRS") and presented in Canadian dollars unless otherwise indicated.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Forward-Looking Statements

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.

Forward-looking information includes disclosure regarding possible or anticipated events, conditions or results of operations which are based on assumptions about future economic conditions and courses of action, and includes future oriented financial information with respect to prospective results of operations or financial position or cash flow that is presented either as a forecast or a projection. Forward-looking information is often, but not always, identified by the use of words such as seek, anticipate, believe, plan, estimate, expect and intend; statements that an event or result is due on or may, will, should, could, or might occur or be achieved; and other similar expressions.

Reserves and Resources

National Instrument 43-101 ("43-101") of the Canadian Securities Administrators – Standards of Disclosure for Mineral Projects – requires that each category of mineral reserves and mineral resources be reported separately. Readers should refer to ESGold's continuous disclosure documents available at www.sedar.com for this detailed information, which is subject to the qualifications and notes therein set forth.

Description of Business

The Company is a Canadian environmentally aware resource exploration and processing company focused on building a strong asset base through exploration of undervalued projects in Canada. Management has demonstrated expertise in advancing gold exploration projects into acquisition targets, most notably in the province of Quebec. ESGold's principal restoration and recovery project is the Montauban property situated

in Quebec, just 80 kilometers west of Quebec City. Recently, the Company has also entered into a joint venture agreement to determine the presence of recoverable metals in the Ottawa River, consistent with ESGold's commitment to environmental recovery solutions. ESGold will use its expertise in early stage exploration to create shareholder value by attempting to prove out the potential resource in these assets.

The Company's shares are currently listed on the Canadian Securities Exchange with the trading symbol CSE: ESAU.

In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations. The Company has not been impacted significantly by COVID-19 to date.

Performance Summary and Subsequent Events

- a) On December 30, 2019, the Company was the subject of a cease trade order by the British Columbia Securities Commission pending the filing of the Company's annual Audited Financial Statement and MD&A for the 2019 fiscal year. As a consequence of the Cease Trade Order, the British Columbia Securities Commission suspended the Company from trading until lifting of the Cease Trade Order. On February 17, 2021, the British Columbia Securities Commission issued a full revocation of the Company's failure-to-file cease trade order. The Company is in full compliance with the continuous disclosure requirements of the BCSC. On September 13, 2021, the Company's common shares were delisted from the TSX Venture Exchange and on October 6, 2021, the Company's shares were listed on the Canadian Securities Exchange (CSE) with the trading symbol CSE: SEK. On July 14, 2022, the Company changed its name from Secova Metals Corp. to ESGold Corp. and its shares are now listed on the CSE with the trading symbol CSE: ESAU.
- b) During the nine-month period ended March 31, 2023, the Company continued to advance the Montauban project (see Exploration Summary - Montauban and Chavigny Townships, Quebec). The Company had incurred a total of \$6,326,884 as at March 31, 2023 (year ended June 30, 2022: \$5,639,560) which included the acquisition costs for the project, recording an asset retirement obligation, and engineering, legal, drilling programs and project management and travel costs, which will put the Montauban Project in a ready-mode to achieve management's objectives for the project. The acquisition of Montauban Project was completed during the month of September 2021, and the Company recognized a commitment to issue 50,000,000 shares, valued at \$2,500,000, to the vendor (Please refer to Note 4 in the Financial Statements).
- c) On September 20, 2021, the Company completed a non-brokered private placement of 50,000,000 units of the Company's securities (the "Units") at a price of \$0.05 per Unit for total consideration of \$2,500,000 (the "Private Placement Offering"). Each Unit consists of one (1) Share and one (1) Share purchase warrant (the "Warrants"). Each Warrant will entitle the holder thereof to purchase one additional Share (the "Warrant Shares") at a price of \$0.05 per Warrant Share for nine (9) months following the closing date of the Private Placement Offering (the "Closing Date"). All securities issued in the Offering are subject to a statutory hold period expiring four (4) months and one (1) day from the Closing Date. The Company paid a finder's fees or commission in connection with the Offering of \$25,000. The Company intends to use the proceeds from the Offering to pay the Company's current liabilities, complete preliminary work on the Montauban Project, begin exploration on the Eagle River Project and for general corporate and administrative purposes.
- d) During the year ended June 30, 2022, the Company issued 40,850,000 common shares from the exercise of the Warrants with gross proceeds of \$2,042,500.
- e) On October 6, 2021, the Company granted an aggregate of 6,500,000 options and 7,000,000 restricted share units of the Company to certain directors, officers, employees and consultants of the Company.

The options granted are exercisable to purchase a common share in the capital of the Company at the price of \$0.15 per share. On October 6, 2021, the Company issued 7,000,000 common shares for the restricted shares units granted, valued at \$0.115 per share. A total of 5,550,000 stock options and 5,700,000 restricted share units were issued to directors and officers of the Company.

- f) In October 2021, the Company retained Relations Publiques Paradox Inc (“Paradox”) as an investor relations consultant to provide shareholder and investor relations services to the Company. Paradox is a Montreal based full service communications firm and will help the Company with market awareness campaigns and provide valued industry exposure through its network of retail and institutional relationships. The initial term of the contract is for 12 months and may be extended for an additional 24-month term. The Company will pay a monthly retainer of \$10,000 and will grant to Paradox 1,000,000 restricted share units which will vest and be exercisable in four equal quarterly tranches over a period of 12 months.
- g) In December 2021, the Company raised gross proceeds of \$2,356,923 by the issuance of 12,740,125 flow through common shares (the “Flow-Through Shares”) at a purchase price of \$0.185 per Flow-Through Share. In connection with the closing of the Flow-through Shares Offering, the Company paid an aggregate finders’ fees of \$141,590 in cash and issued 765,350 share purchase warrants (the “Finder’s Warrants”) to certain arms-length finders. Each Finder’s Warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.185 and expires nine (9) months from the date of closing of the Flow-through Shares Offering. The Company will use the proceeds from the sale of the Flow-Through Shares to incur flow-through expenditures in the province of Quebec which qualify as 100% Canadian Exploration Expense (“CEE”) and renounced said flow-through expenditures to the investors for the taxation year ended December 31, 2021 for which the Company recorded a flow-through premium liability of \$637,006.
- h) On March 15, 2022, the Company granted 5,264,615 restricted share units of the Company to certain directors, officers, and consultants of the Company, and on the same date, issued 5,264,615 common shares for these restricted share units granted, valued at \$0.065 per share. A total of 1,000,000 of these restricted share units were issued to directors and officers of the Company.
- i) On April 29, 2022, the Company announced the appointment of Paul Mastantuono as the Chief Executive Officer and a director of the Company. P. Bradley Kitchen has resigned as the Chief Executive Officer but will remain as President.
- j) On May 31, 2022, the Company appointed Jean-Yves Therien as the Chief Executive Officer. Paul Mastantuono resigned as Chief Executive Officer and was appointed the Chief Operating Officer of the Company.
- k) On May 31, 2022, the Company granted 8,550,000 options and 1,950,000 restricted share units of the Company to certain directors, officers and consultants of the Company. The options granted are exercisable to purchase a common share in the capital of the Company at a price of \$0.05 per share. On June 14, 2022 issued 1,950,000 common shares for these restricted share units granted, valued at \$0.05 per share. A total of 8,000,000 stock options were issued to directors and officers of the Company.
- l) On May 30, 2022, the Company signed an option agreement with Nepean Bay Joint Venture Inc. (“NBJV”). Under the option agreement, NBJV grants the Company the right to earn 50% interests in the Ottawa River Project. See NBJV is the legal and beneficial owner of the land use permit of 2.6 hectares within the bed of the Ottawa River and the owner of any salable residuals from the land use permit. (Please refer to Note 4 in the Financial Statements for further information).
- m) On June 15, 2022, the Company granted 1,000,000 options of the Company to certain members of the advisory board of the Company, exercisable at \$0.05 per share.
- n) On June 23, 2022, the Company granted 1,000,000 restricted share units of the Company to certain consultants of the Company and on the same date issued 1,000,000 common shares for these restricted share units granted, valued at \$0.046 per share.

- o) On June 27, 2022, the Company granted 1,500,000 restricted share units of the Company to certain consultants of the Company and on July 4, 2022 issued 1,500,000 common shares for these restricted share units granted, valued at \$0.05 per share.
- p) On June 30, 2022, the board of directors of the Company granted 500,000 options to an officer of the Company, exercisable at \$0.095 per share.
- q) On July 14, 2022, the Company changed its name from Secova Metals Corp. to ESGold Corp.
- r) On July 15, 2022 and July 20, 2022, the Company completed a non-brokered private placement of 30,000,000 units of the Company's securities (the "Units") at a price of \$0.05 per Unit for total consideration of \$1,500,000 (the "Offering"). Each Unit consists of one (1) Share and one-half (1/2) Share purchase warrant (the "Warrants"). Each Warrant will entitle the holder thereof to purchase one additional Share (the "Warrant Shares") at a price of \$0.10 per Warrant Share for twelve (12) months following the closing date of the Offering (the "Closing Date").
- s) In July 2022, the Company engaged Geophysique GPR International to conduct a three-part bathymetric mapping survey of the Ottawa River project. The survey will provide detailed data relating to water depth, riverbed topography, underwater features, and the depth of the sediment above the floor of the river. The survey will take place over the three identified target zones and cover an area of approximately 90 metres by 200 meters. The underwater mapping commenced on July 11, 2022, and was completed in advance of the underwater sampling program.
- t) In July 2022, the Company carried out an eight (8) day underwater sampling program on the Ottawa River Project, conducted by divers from Soderholm Maritimes Services Inc. ("SMSI").
- u) On September 13, 2022, the Company granted to a new director and other consultants a total of 1,750,000 options, exercisable at \$0.085 per share, and a total of 546,875 restricted shares units, for which shares were issued at a value of \$0.08 per share.
- v) In October 2022, the Company entered into a settlement agreement with a vendor whereby the Company paid cash of \$100,000 and issued 1,200,000 common shares in the capital of the Company.
- w) In December 2022, the Company raised gross proceeds of \$559,500 by the issuance of 10,690,000 flow through common shares units (the "Flow-Through Units") at a purchase price of \$0.05 per Flow-Through Unit, and 500,000 non flow-through units (the "Non Flow-Through Units") at a purchase price of \$0.05 per Non Flow- Through Unit (the "December 2022 Offering"). Each Flow-Through Unit consists of one (1) Share and one-half (1/2) Share purchase warrant (the "Warrants") and each Non Flow-Through Units consist of one (1) Share and one Share purchase warrant. Each full Warrant will entitle the holder thereof to purchase one additional Share (the "Warrant Shares") at a price of \$0.075 per Warrant Share for twelve (12) months following the closing date of the December 2022 Offering (the "Closing Date"). In connection with the closing of the December 2022 Offering, the Company paid an aggregate finders' fees of \$21,630 in cash and issued 362,600 share purchase warrants (the "Finder's Warrants") to certain arms-length finders. Each Finder's Warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.075 and expires twelve months from the date of closing of the December 2022 Offering. The Company will use the proceeds from the sale of the Flow-Through Shares to incur flow-through expenditures in the province of Quebec which qualify as 100% Canadian Exploration Expense ("CEE") and renounced said flow-through expenditures to the investors for the taxation year ended December 31, 2022 for which the Company recorded a flow-through premium liability of \$53,450.
- x) On January 13, 2023, the Company granted to certain consultants of the Company 2,000,000 options, exercisable at \$0.06 per share, and 7,600,000 restricted share units of the Company for which shares were issued at a value of \$0.06 per share.

- y) On January 18, 2023, the Company granted to the directors of the Company 2,900,000 options, exercisable at \$0.07 per share, and 600,000 restricted share units of the Company for which shares were issued at a value of \$0.07 per share.
- z) On March 2, 2023, the Company acquired additional mining claims in the Province of Quebec and issued 200,000 shares as compensation for the acquisition with a total value of \$10,000.
- aa)
- bb) On April 18, 2023, the Company announced that Tony J. Giuliano would become the Company's new Chief Financial Officer, effective immediately, replacing Yoke Ming Ong whose last day was April 12, 2023.

There were no other significant events during the nine-month period ended March 31, 2023 or to the date of this report.

Exploration Summary

Eagle River property, Quebec

During the year ended June 30, 2017, the Company acquired 1084409 B.C. Ltd., 1106632 B.C. Ltd., 1107136 B.C. Ltd., and 1106541 B.C. Ltd. which owns the Eagle River project located in the Windfall Lake gold district, Quebec.

On December 15, 2020, the Company received an NI 43-101 Technical Report on the Eagle River Property and it is the Company's intention to execute Phase 1 of the proposed Exploration plan ("Phase 1"). The initial Phase 1 program with an expected budget of \$364,590. Phase 1 is expected to consist of a basal-till sampling program, general prospecting, and a rock outcrop sampling program; up to 200 samples are expected to be collected during a five-week field program. The work would be completed by a four-person field crew based in fly-in camps; it is likely helicopter assistance would be required to access portions of the Property. All basal-till samples for Phase 1 will be collected by a worker-portable drill rig to reach the basal till layer wherever possible. In November 2021, as part of Phase 1, the Company mobilized a Quebec based drill contractor to commence additional overburden drilling, a program intended to provide a preliminary characterization of the property overburden and test basal till for potentially gold anomalism.

In October 2021, the Company entered into a purchase agreement with 9093-6725 Quebec Inc. and Randon Ferderber to acquire a 100% interest in 10 claims totaling 565.3 hectares for cash consideration of \$25,000 and a 2% net smelter return. The Company may buy back 1% of the net smelter return for \$1 million and the remaining 1% net smelter return for \$2 million. The claims are adjacent to the Company's current Eagle River property holdings and would form part of the Company's Eagle River Property.

In November 2021, the Company also commissioned a revised NI 43-101 Technical Report on the Eagle River Property to update for the additional work that were completed, title changes and the new claims that were acquired in October 2021.

In November 2022, the Company entered into an agreement to sell the Eagle River Property to Sennen Potash Corp ("Sennen"). The agreement had been terminated as Sennen was unable to satisfy all the closing conditions of the TSX Venture Exchange in respect of the acquisition and could not proceed with the purchase of the property from the Company. The Company will continue to look for opportunities to divest its non-core assets while it focuses on the Montauban Project.

Montauban and Chavigny Townships, Quebec

On December 12, 2019, the Company and DNA Canada Inc. ("DNA") entered into a purchase agreement whereby the Company has agreed to acquire mining claims and concessions located in the Montauban and

Chavigny townships, in the county of Portneuf, in the province of Quebec, as well as buildings, immovables, and other assets and operating permits located on, or with respect to, the property.

The consideration to be paid to DNA will consist of the issuance of common shares of the Company (the "Shares") in three tranches:

- (i) 15 million shares to be issued four months and one day following the closing;
- (ii) 15 million shares to be issued eight months following the closing; and
- (iii) 20 million shares to be issued one year following the closing of the acquisition.

As part of the purchase agreement, the Company will acquire some equipment and assumed liabilities totalling \$190,000, which had been settled in cash.

Completion of the acquisition is conditional upon, among other things, receipt of all necessary regulatory approvals, including approval of the TSX Venture Exchange. The Company submitted the acquisition to the TSX Venture Exchange for approval and the Company received approval on November 23, 2020. The transaction was completed in the month of September 2021.

In November 2021, the Company engaged JPL GeoService Inc., a Quebec based company, to produce a NI 43-101 Technical Report and Mineral Resource estimate on the Montauban project. The NI 43-101 Technical Report was completed in February 2022 and is available for view on SEDAR at www.sedar.com.

As at March 31, 2023, the Company had incurred a total of \$6,326,884 (June 30, 2022: \$5,639,560) which included the acquisition costs for the project, recording an asset retirement obligation, and engineering, legal, drilling program and project management and travel costs.

Ottawa River Project, Ontario

On May 30, 2022, the Company signed an option agreement with Nepean Bay Joint Venture Inc. ("NBJV"). Under the option agreement, NBJV grants the Company the right to earn 50% interests in the Ottawa River Project. NBJV is the legal and beneficial owner of the land use permit of 2.6 hectares within the bed of the Ottawa River and the owner of any salable residuals from the land use permit. The Company is required to pay \$50,000 to NBJV upon signing of the option agreement, which it made in June 2022. In order to maintain in force the Option granted, and to exercise the Option, the Company must incur any and all approved expenditures for two years to achieve commercial production (defined as when a minimum of 500 ounces of gold has been smelted in a Dore bar) and pay to NBJV \$100,000 during each twelve month period from the date of the option agreement for two years or until commercial production has been achieved. The parties agreed that the Company will be the operator of the Ottawa River Project.

As at March 31, 2023, the Company had incurred a total of \$241,923 (June 30, 2022: \$51,173) in the Ottawa River Project, which included the acquisition costs for the project, exploration, and project management and travel costs.

Results of Operations

Three-month period ended March 31, 2023 compared to March 31, 2022:

The Company had a net loss and comprehensive loss of \$1,028,607 for the three-month period ended March 31, 2023 versus \$1,382,078 in the comparative period, representing a decrease of \$353,471 or 25.6%.

The reduction in net loss and comprehensive loss for the three-month period ended March 31, 2023 versus March 31, 2022 is primarily attributable to decreases in consulting fees by \$271,804, loss on write off of loans receivable by \$179,610, exploration expenses by \$16,254, marketing expenses by \$238,287 and Professional fees by \$37,644.

The following expenses increased during the three-month period ended March 31, 2023: Filing fees and transfer agent (2023 - \$21,279; 2022 - \$6,114) and Share based payments (2023 - \$720,970; 2022 - \$308,750).

The following expenses decreased during the three-month period ended March 31, 2023: Consulting (2023 - \$197,594; 2022 - \$469,398), Exploration expenses: (2023 - \$1,643; 2022 - \$17,897), Loss on write off of loans receivable (2023 - : nil; 2022: \$179,610), Investor relations (2023 - nil; 2022 - \$30,000), Marketing expenses (2023 - \$57,553; 2022 - \$295,840), Meals and entertainment (2023 - \$1,449; 2022: \$2,885), Office and sundry (2023 - \$2,296; 2022 - \$13,379) and Professional fees (2023 - \$32,000, 2022 - \$69,644).

Selected Annual Information

The financial information as at and for the years ended June 30, 2022, June 30, 2021 and June 30, 2020 have been prepared in accordance with IFRS.

| | June 30, 2022 | June 30, 2021 | June 30, 2020 |
|----------------------------------|---------------|---------------|---------------|
| Total income | \$ - | \$ - | \$ - |
| Comprehensive loss for the year | 4,824,835 | 1,719,452 | 591,647 |
| Basic and diluted loss per share | 0.03 | 0.02 | 0.01 |
| Total assets | 8,765,711 | 3,160,411 | 2,502,262 |
| Working capital (deficiency) | (659,542) | (1,813,438) | (724,386) |

Nine month period ended March 31, 2023 compared to March 31, 2022:

The Company had a net loss and comprehensive loss of \$1,845,834 for the nine-month period ended March 31, 2023 versus \$4,211,511 in the comparative period, representing a decrease of \$2,365,677 or 56.2%.

The reduction in net loss and comprehensive loss for the nine-month period ended March 31, 2023 versus March 31, 2022 is primarily attributable to decreases in consulting fees by \$841,089, share based payments by \$588,343, exploration expenses by \$312,284 and marketing expenses by \$296,657.

The following expenses increased during the nine-month period ended March 31, 2023: Insurance (2023 - \$17,791; 2022: \$11,101) and Professional fees (2023 - \$139,017; 2022 - \$123,493).

The following expenses decreased during the nine-month period ended March 31, 2023: Consulting (2023 - \$652,512; 2022 - \$1,493,601), Exploration expenses (2023 - \$5,005; 2022 - \$187,721), Filing fees and transfer agent (2023 - \$44,115; 2022 - \$53,075), Interest expense (2023 - \$27,002; 2022 - \$101,662), Investor relations (2023 - \$30,000; 2022 - \$60,000), Marketing expenses (2023 - \$119,759; 2022 - \$416,416), Meals and Entertainment (2023 - \$4,895; 2022 - \$7,660), Office and Sundry (2023 - \$7,327; 2022 - \$28,067), Share based payments (2023 - \$990,560; 2022 - \$1,578,903), (Gain) on settlement of accounts payable (2023 - \$(40,660); 2022 - nil), Travel (2023 - \$5,429; 2022 - \$12,855) and Amortization of flow-through premium liability (2023 - (\$156,917); 2022 - nil).

Summary of Quarterly Results

| | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
|------------------------------|-------------------|----------------------|-----------------------|------------------|
| Total assets | 9,392,156 | 9,780,379 | 9,566,353 | 8,765,711 |
| Working capital (deficiency) | (391,470) | 120,439 | 114,142 | (659,542) |
| Shareholders' equity | 7,324,376 | 7,578,282 | 7,261,851 | 6,183,728 |
| Comprehensive (loss) | (1,028,607) | (294,803) | (522,424) | (613,323) |
| Loss per share | (0.004) | (0.001) | (0.002) | (0.003) |

| | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 |
|------------------------------|-------------------|----------------------|-----------------------|------------------|
| Total assets | 8,355,701 | 8,582,193 | 7,198,540 | 3,160,411 |
| Working capital (deficiency) | (725,244) | 251,230 | (1,054,451) | (1,813,438) |
| Shareholders' equity | 5,907,003 | 6,413,724 | 4,307,665 | 239,489 |
| Comprehensive (loss) | (1,424,731) | (1,997,609) | (831,823) | (1,010,127) |
| Loss per share | (0.008) | (0.013) | (0.009) | (0.012) |

Other than as noted above, there were no other significant transactions during the three-month period ended March 31, 2023.

Liquidity and Capital Resources

ESGold's exploration and evaluation asset activities do not provide a source of income and the Company therefore has a history of losses and an accumulated deficit. However, given the nature of our business, the results of operations as reflected in the net losses and losses per share do not provide meaningful interpretation of our valuation.

The Company has financed its operations to date primarily through the issuance of common shares. The Company will continue to seek capital through the issuance of common shares.

Operating activities: The Company does not generate any revenues and generally does not receive any cash from operating activities. Net cash used in operating activities during the nine-month period ended March 31, 2023 was \$1,264,183 compared to net cash used in operating activities of \$2,750,185 during the comparative nine-month period ended March 31, 2022. The increase in cash provided from operating activities is primarily due to lower operating expenses.

Investing activities: Net cash used in investing activities during the nine-month period ended March 31, 2023 was \$905,333 compared to \$2,141,522 during the comparative nine-month period ended March 31, 2022. This is entirely due to lower exploration costs incurred on the Company's projects.

Financing activities: Cash inflow from financing activities during the nine-month period ended March 31, 2023 was \$2,087,373 compared to \$4,886,679 during the comparative nine-month period ended March 31, 2022. The cash received during the nine-month period ended March 31, 2023 was mainly from net proceeds from share issuances.

The consolidated financial statements do not reflect adjustments, which could be material, to the carrying value of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

Contractual Obligations

Except as described herein or in the Company's consolidated financial statements as at March 31, 2023, the Company had no material financial commitments.

Off Statement of Financial Position Arrangements

At March 31, 2023, the Company had no material off statement of financial position arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Capital Resources

The Company will continue to seek capital through public markets by issuing common shares pursuant to private placements. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

Outstanding Share Data

As at the date of this report the Company had 255,897,662 common shares issued and outstanding, 21,540,600 Share Purchase Warrants outstanding, 21,700,000 share options outstanding, nil restricted shares units that are convertible into common shares and a commitment to issue 50,000,000 common shares to DNA Canada Inc. (see Note 5 Share Capital and Reserves in the Financial Statements).

Related Party Transactions

Key management personnel comprise of the Chief Executive Officer, the former Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and the Directors of the Company.

a) Due from former Chief Executive Officer (now President)

The following amount is due from Brad Kitchen, former CEO (now President) of the Company.

| | As at March 31, 2023 | As at June 30, 2022 |
|-------------------------------------|-------------------------|------------------------|
| Due from former CEO (now President) | \$225,615 | \$255,615 |

During the year ended June 30, 2022, the Company entered into an agreement to settle the amounts owing by the former Chief Executive Officer (now President) to the Company. Pursuant to the agreement, amounts due from the former CEO are unsecured, non-interest bearing and has a monthly repayment of \$25,000 commencing June 1, 2022 until May 1, 2023. A total of \$179,610 of the amounts due from the former CEO (now President) was recorded in the income statement as loss on write off loan receivables during the year ended June 30, 2022.

b) Chief Executive Officer, Former Chief Executive Officer (now President), Chief Financial Officer and Chief Operating Officer

A total of \$532,500 was included in the financial statements as earned by the Chief Executive Officer, former Chief Executive Officer (now President), Chief Financial Officer and Chief Operating Officer during the nine-month period ended March 31, 2023 (2021: \$574,038). Amount included in accounts payable at March 31, 2023 was nil (March 31, 2022: \$7,432). Amounts due from the Chief Operating Officer as at June 30, 2022 was \$13,050 (June 30, 2021: nil), and the balance was settled in July 2022.

c) Director fees

Directors' fees of nil were earned during the nine-month period ended March 31, 2023 by the Board of Directors (2022 - \$46,500). Amount included in accounts payable as at March 31, 2023 was nil (March 31, 2022 - \$87,500).

Financial Risk Factors

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss 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, receivables and advances. The Company's cash is held at a large Canadian financial institution in interest bearing accounts for which management believes the risk of loss to be minimal. Receivables consist of GST receivable from the government of Canada.

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's approach at managing liquidity risk is have sufficient liquidity to meet liabilities when due.

As at March 31, 2023, the Company had a working capital deficiency of (\$391,470) (June 30, 2022 - (\$659,542)) and current liabilities of \$957,792 (June 30, 2022: \$1,478,883). While the Company has been successful in obtaining its required funding in the past there is no assurance that this financing will be extended or that any additional future financing will be available. The Company continues to investigate financing options, including private placements.

The Company manages liquidity risk through its capital management as outlined below. Accounts payable and accrued liabilities are due within one year.

Market risk

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

a) 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.

b) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

c) Foreign currency risk

The Company's foreign exchange risk arises from transactions denominated in other currencies, primarily through the Company's subsidiary located in the USA. Through this, the Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities that are denominated in US Dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations.

Risk Factors

Companies in the exploration stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as project feasibility and practically, risks related to determining the validity of mineral property title claims, commodities prices and environmental laws and regulations. Management monitors its activities and those factors that could impact them in order to manage risk and make timely decisions.

New standards not yet adopted

The IASB issued the standards of *IAS 1 – Presentation of Financial Statements, amendment to IAS 16 – Property, Plant and Equipment, amendment to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, and amendment to IFRS 9 – Financial Instruments*, that have not been applied in preparing these consolidated financial statements as their effective date falls within periods beginning subsequent to the current reporting period. These standards are not expected to have a significant impact on the financial statements.

Leases

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the statement of financial position a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized in profit or loss will be recognized on the statement of financial position.

The purpose of the standard is to provide users of the financial statements with a more accurate picture of a company's leased assets and associated liabilities, while also improving the comparability of companies that lease assets to those that purchase them.

As at December 31, 2022 and June 30, 2022, the Company did not have any leases that would result in a right-of-use asset or lease liability.

Critical Accounting Policies and Estimates

The Company's accounting policies are described in Notes 2 and 3 of its consolidated financial statements for the six-month period ended December 31, 2022. Management considers the following policies to be the most critical in understanding the judgments that are involved in the preparation of the consolidated financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows:

Use of estimates and significant judgments

The preparation of these consolidated financial statements 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 expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

The Company uses significant judgement in assessing for signs of impairment on the exploration and evaluation assets. Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the good or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

The determination of deferred income tax assets and liabilities is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Share-based payments is subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

The Company utilizes significant judgement in assessing its compliance with relevant flow through financing tax requirements including the determination of qualified eligible expenditures to reduce flow through spending obligations.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. Upon expiry or forfeiture, the recorded value is transferred to deficit.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Subsequent events

Please refer to Note 12 Subsequent Events in the Financial Statements.