

# **GOLDEN SUN MINING CORP.**

## **Management's Discussion and Analysis**

**For the Year ended April 30, 2021**

**(Expressed in Canadian Dollars)**

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### **CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

This MD&A contains certain statements that constitute forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as “expects”, “anticipates”, “believes”, “intends”, “estimates”, “potential”, “possible” and similar expressions, or statements that events, conditions or results “will”, “may”, “could” or “should” occur or be achieved. The forward-looking statements may include statements regarding acquisition of mineral properties, strategic plans, market price of commodities or other statements that are not statements of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainty of estimates of capital and operating costs; the need to obtain additional financing to acquire a mining asset and uncertainty as to the availability and terms of future financing; uncertainties involved in disputes and litigation; and other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

It is the Company's policy that all forward-looking statements are based on the Company's beliefs and assumptions, which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are as of August 30, 2021 and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, because of numerous risks, uncertainties and other factors such as those described above and in “Risks and Uncertainties” below. The Company has no policy for updating forward-looking statements beyond the procedures required under applicable securities laws.

### **INTRODUCTION**

This Management Discussion and Analysis (“MD&A”) of the operating results and financial condition of Golden Sun Mining Corp. (the “Company” or “GSU”) for the year ended April 30, 2021 should be read in conjunction with the audited consolidated financial statements for the years ended April 30, 2021 and 2020 which are prepared in accordance with International Financial Reporting Standards (“IFRS”).

On November 19, 2020, the British Columbia Securities Commission and the Alberta Securities Commission (the “Commissions”) revoked their respective cease trade orders against the Company.

The Company's common shares were initially cease traded by the British Columbia Securities Commission for failure to prepare and file an independent technical report supporting its disclosure of the mineral source estimate and results of the preliminary economic analysis for its Cherry Hill Mine property (the "Cherry Hill Property") in California pursuant to subsection 4.2(1)(j)(i) and 5.3(1)(c)(i) of National Instrument 43-101 – Standards of Disclosure for Mineral Projects (the "Technical Report"). The Company no longer has any direct or indirect ownership interest in the Cherry Hill Property, and as such, is no longer required to prepare and file the Technical Report.

Additionally, the Company's common shares were cease traded by the Commissions for failure to file annual financial statements, management's discussion and analysis, and certification of annual filings for the fiscal year ended April 30, 2014 and its interim unaudited financial statements, interim MD&A, and certification of interim filings for the interim periods ended October 31, 2013 and January 31, 2014. All continuous disclosure documents required by National Instrument 51-102 – Continuous Disclosure Requirements were filed by the Company effective November 9, 2020 and November 10, 2020, and are available on SEDAR at [www.sedar.com](http://www.sedar.com).

This MD&A is prepared as at August 30, 2021. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise stated.

Readers should use the information contained in this report in conjunction with all other disclosure documents including those filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## **DESCRIPTION OF THE BUSINESS**

Golden Sun Mining Corp. is a public company incorporated under the Business Corporations Act (British Columbia) on March 14, 2007 as a Capital Pool Company as defined in TSX Venture Exchange (the "Exchange") Policy 2.4. The Company was listed on the TSX Venture Exchange ("TSX") under the trading symbol "GSU", on the Frankfurt Stock Exchange under the trading symbol "SS6", and on the OTC Pink Current under the symbol "GSUXF". The Company was also DTC eligible in the United States.

The Company plans to acquire strategic mining assets and execute precious and base-metals mineral exploration activities. The corporate acumen of the Company's management will facilitate the ongoing corporate and exploration growth. The management team will continue to evolve as the Company grows as a mining exploration company. Following the CTO, the Company ceased all exploration and evaluation activities and as a result, its Mexican subsidiary which held the rights to its sole property, the Zacatecas Property located in Mexico, was dissolved.

The Company's corporate office and principal place of business is at 33 Heritage Park Road, Port Moody, British Columbia, Canada, V3H 0H5.

On August 14, 2020, Ian Foreman, Mark McLeary and Tom Kordyback resigned as directors of the Company. Mr. McLeary also resigned as President and Chief Executive Officer of the Company and Laara Shaffer resigned as Corporate Secretary of the Company. To fill the vacancies left by the resignations of Mr. Foreman, Mr. McLeary and Mr. Kordyback, Brian Thurston, Jamie Lewin and Dave McMillan have been appointed to serve as directors of the Company and carry out plans to acquire strategic mining assets. In addition, Mr. Thurston has been appointed as the President, Chief Executive Officer and Corporate Secretary of the Company and Eli Dusenbury has been appointed as the Chief Financial Officer of the Company.

On April 23, 2021, Jamie Lewin and Dave McMillan resigned as a director's of the Company at which time the vacancies were filled by the appointment of Eli Dusenbury and Anna Hicken, respectively to serve as a directors of the Company. Subsequently, Brian Thurston resigned as director, CEO, and President of the Company. To fill the director and officer vacancies left by the resignation of Mr. Thurston, Jason Latkowcer has been appointed as the CEO, President, and director of the Company.

During the year ended April 30, 2021, the Company consolidated its shares on the basis of one common share for every 50 common shares held. All common shares in this MD&A are retroactively presented on a post-share consolidation basis.

## OVERALL PERFORMANCE

The Company has not generated revenues to date from operations and continues to focus on plans to acquire strategic mining assets.

The net assets of the Company were \$(754,968) as at April 30, 2021 and \$(506,024) as at April 30, 2020. The only significant asset as at April 30, 2021 consisted of cash of \$53,824 (April 30, 2020 - \$Nil). The most significant liabilities as at April 30, 2021 consisted of accounts payable and accrued liabilities of \$663,772 (2020 - \$506,024) and loans payable of \$154,766 (2020 - \$Nil).

## SELECTED ANNUAL INFORMATION

The following table provides selected annual audited financial information that should be read in conjunction with the audited consolidated financial statements and notes:

	April 30 2021	April 30 2020	April 30 2019
Operational expenses	\$ 392,110	\$ 7,500	\$ 25,024
Other expenses (income)	\$ 2,248	\$ -	\$ -
Net and comprehensive loss for the year	\$ 394,358	\$ 7,500	\$ 25,024
Basic and diluted loss per share	\$ (0.36)	\$ (0.01)	\$ (0.02)

## RESULTS OF OPERATIONS

The Company's net loss for the year ended April 30, 2021 was \$394,358 as compared to a net loss of \$7,500 for the year ended April 30, 2020, which consisted of primarily share-based payments, professional fees rendered and filing fees to revoke the cease trade orders.

The Company's net loss in 2021 consisted largely of share-based payments of \$145,414, professional fees of \$128,496, filing fees of \$35,709, consulting fees of \$34,000, advertising and promotion of \$20,000, rent of \$15,000 and management fees of \$12,000. The consulting, filing fees and professional fees related to fees and services relating to the revocation of the cease trade order.

## SUMMARY OF QUARTERLY RESULTS

Quarter	Qt. Ended	Revenue	Net Loss	Loss per Share
Q4/2021	April 30, 2021	\$Nil	\$(291,569)	\$(0.26)
Q3/2021	January 31, 2021	\$Nil	\$(85,571)	\$(0.08)
Q2/2021	October 31, 2020	\$Nil	\$(17,218)	\$(0.02)
Q1/2021	July 31, 2020	\$Nil	N/A	N/A
Q4/2020	April 30, 2020	\$Nil	\$(7,500)	\$(0.01)
Q3/2020	January 31, 2020	\$Nil	N/A	N/A
Q2/2020	October 31, 2019	\$Nil	N/A	N/A
Q1/2020	July 31, 2019	\$Nil	N/A	N/A

## **FOURTH QUARTER RESULTS OF OPERATIONS**

The Company's net loss for the three months ended April 30, 2021 was \$(291,569) as compared to a net loss of \$(7,500) for the three months ended April 30, 2020.

Operational expenses were \$289,721 for the three months ended April 30, 2021 compared to \$7,500 for the same quarter last year.

## **LIQUIDITY**

The Company does not have any cash flow from operations or any revenues; accordingly, it must rely on equity and/or debt financing to fund operations. The Company's access to financing when the financing is not transaction specific is always uncertain. There can be no assurance of continued access to any equity and/or debt funding.

The Company's cash on hand was \$53,824 at April 30, 2021 (2020 - \$Nil).

The Company had a working capital deficiency of \$754,968 at April 30, 2021 and \$506,024 at April 30, 2020. The Company's current asset balance was \$63,570 as and \$Nil at April 30, 2020.

The Company's current liabilities at April 31, 2021 totaled \$818,538 (2020 - \$506,024) and are made up of outstanding accounts payable and accrued liabilities relating to administrative and exploration expenses and loans payable with two non-arm's length third parties.

The Company plans to raise necessary capital through equity and/or debt financings to fund day-to-day operations and complete an exploration asset acquisition.

As of the date of this MD&A, the Company has insufficient working capital to meet its ongoing financial obligations for the coming year. There can be no assurance that future financings will be available to the Company or, if it is, that it will be available on terms acceptable to the Company and will be sufficient to fund cash needs. If the Company is unable to obtain the financing necessary to support its operations, it may be unable to continue as a going concern. The Company currently has no commitments for any credit facilities such as revolving credit agreements or lines of credit that could provide additional working capital, and substantial doubt exists regarding the Company's ability to continue as a going concern. The Company has no long term debt, capital lease obligations, operating leases, or any other long term obligations.

## **OFF-STATEMENT OF FINANCIAL POSITION ARRANGEMENTS**

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

## RELATED PARTY TRANSACTIONS

The Company has identified directors and senior officers as key management personnel. During the year ended April 30, 2021, the Company paid \$12,000 to a director for services rendered (2020 - \$nil).

Total key management personnel compensation were as follows:

	For the three months ended		For the year ended	
	April 30, 2021	April 30, 2020	April 30, 2021	April 30, 2020
Share-based compensation				
Jamie Lewin, former Director	\$ 48,471	\$ -	\$ 48,471	\$ -
Brian Thurston, former Director, President, CEO	48,471	-	48,471	-
Dave McMillan, former Director	48,472	-	48,472	-
	\$ 145,414	\$ -	\$ 145,414	\$ -
Management fees				
Canmex Consulting & Leasing, a company owned by Brian Thurston, former Director, President, CEO	\$ 12,000	\$ -	\$ 12,000	\$ -
	\$ 12,000	\$ -	\$ 12,000	\$ -
Total	\$ 157,414	\$ -	\$ 157,414	\$ -

As at April 30, 2021, accounts payable and accrued liabilities includes \$28,385 (2020 - \$14,347) due to current and former directors and officers and companies own by them. The balances are unsecured, without interest, and due upon demand.

## COMMITMENTS

The Company has a contract with a company controlled by the CEO and Director of the Company for monthly payments of \$12,000 for a period of two years beginning in May 2021. The Consultant shall receive an aggregate of 1,000,000 restricted shares under the Company's equity incentive plan, with vesting subject to certain performance milestones. The Company has not yet issued these restricted shares.

## CONFLICTS OF INTEREST

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (BC) ("Corporations Act") dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

## **SUBSEQUENT EVENT**

During June 2021, the Company raised subscription proceeds of \$100,000 pursuant to a proposed equity financing at \$0.05 per common share. The Company has not yet closed this financing.

## **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

### **Fair value of financial instruments**

The Company's financial instruments are exposed to certain financial risks which are discussed in detail in Note 9 of the Company's audited annual consolidated financial statements for the years ended April 30, 2021 and 2020.

### **Financial risk management**

The Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities, and loan payable, whose carrying values approximate their fair values, due to their short-terms to maturity. The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

#### **a. Credit Risk**

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. Management's assessment of the Company's exposure to credit risk on its \$53,824 in cash (2020 - \$nil) is low as the Company's cash is held with major Canadian financial institutions.

#### **b. Liquidity Risk**

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at April 30, 2021 the Company's working capital deficiency is \$754,968 (2020 - \$506,024), and it does not have any long-term monetary liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company intends to seek additional financing to better manage its liquidity risk to ensure it will have sufficient liquidity to meet its current and future liabilities. As at April 30, 2021, the Company has accounts payable and accrued liabilities of \$663,772 and loan payable of \$154,766 offset by current assets of \$63,570.

#### **c. Market Risk**

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company believes it has limited exposure to these risks.

## **OTHER RISKS AND UNCERTAINTIES**

The Company plans to be an exploration stage company once a strategic mining asset is acquired. The ability of the Company to acquire a strategic mining asset is dependent upon (but not limited to) market conditions, the ability of the Company's management team to obtain necessary financing to successfully complete an attractive acquisition on acceptable terms and funding necessary to execute development programs.

In conducting its business, the Company is subject to a number of other risks and uncertainties that could have a material adverse effect on the Company's business prospects or financial condition that could result in a delay or indefinite postponement in the development of the Company's future mineral interests.

### **Risks associated with exploration stage companies**

Exploring for mineral resources involves a variety of operational, financial, and regulatory risks that are typical in the natural resource industry. The Company has not commenced commercial operations and has no proven history of performance, earnings, or success. There is no guarantee that the Company will ever be able to achieve profitable results or successfully execute its business plan. The Company's Common Shares must be considered speculative primarily due to the nature of the Company's business and the uncertainty of being able to acquire a mining asset. The Company has no revenue or income from operations. The Company has limited capital resources and will rely upon the sale of equity and/or debt securities for cash required for exploration and development purposes, for acquisitions, and to fund the administration of the Company. Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity or debt securities or joint venture agreements to raise capital. There can be no assurance that financing, whether equity or debt, will be available to the Company in the amount required by the Company at any particular time or for any period, and that such financing can be obtained on terms satisfactory to the Company.

### **Licenses and permits**

The Company will require licenses and permits from various governmental authorities regarding any future mineral interests acquired. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development, and mining operations for its mineral interests. Failure to obtain and maintain such licenses and permits may adversely affect the Company's business as the Company would be unable to legally conduct its intended exploration and development work which may result in it losing its interest in the subject property.

### **Operating hazards and risks**

Fires, power outages, labour disputes, flooding explosions, cave-ins, landslides, and the inability to obtain suitable or adequate machinery, equipment, or labour are some of the risks involved in exploration programs. Unknowns with respect to geological structures and other conditions are involved. Existing and future environmental laws may cause additional expense and delays in the activities of the Company, and may render the Company's properties uneconomic. The Company has no liability insurance and the Company may become subject to future liability for pollution, cave-ins, or hazards against which it cannot insure, or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect of the Company's financial position.

### **Competition**

The mining industry is intensely competitive and the Company must compete in all aspects of its operations with a substantial number of other corporations which have greater technical and financial resources. The Company may be unable to acquire attractive mining properties on terms it considers acceptable.

### **Profitability of operations**

The Company does not have profitable operations at this time and it should be anticipated that it will operate at a loss until such time as production is achieved from any acquired mining assets, if production is in fact ever achieved. Investors also cannot expect to receive any dividends on their investment in the foreseeable future.

### **Foreign currency risk**

At this time, the Company's does not hold a mining asset or have any foreign operations. However, if a foreign mining asset is acquired; future changes in exchange rates could materially affect the viability of exploring and development activities.

## **Market risks**

Even if the Company's future exploration programs are successful, factors beyond the control of the Company may affect the marketability of any mineral products discovered. Mineral prices have fluctuated widely in recent years. The marketability and price of minerals which may be produced or acquired by the Company will be affected by numerous factors beyond the control of the Company. These factors include delivery uncertainties related to the proximity of its reserves to processing facilities, and extensive government regulation relating to price, taxes, royalties, allowable production land tenure, the import and export of minerals, and many other aspects of the mining business. Declines in mineral prices may have a negative effect of the Company.

## **Future financings**

Once a mining asset has been acquired the Company may require additional funds to execute exploration and development programs and additional funds if the Company wishes to pursue commercial production. The Company's available sources of funds are primarily from sale of equity capital and/or debt financing if made available. There is no assurance such sources will continue to be available on favourable terms or at all. If available, future equity financings may result in dilution to current shareholders.

## **Going concern**

The Company's consolidated financial statements have been 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. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its on-going commitments, further its mineral exploration program, and to commence profitable operations in the future.

## **SIGNIFICANT ACCOUNTING POLICIES**

Please refer to the annual consolidated financial statements for the years ended April 30, 2021 and 2020, for a summary of significant accounting policies.

## **NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRS Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2021, or later periods. New standards and updates, which are not applicable or are not consequential to the Company, have been excluded from these consolidated financial statements and MD&A.

## **DISCLOSURE OF OUTSTANDING SHARE DATA**

### **Common shares**

#### **Authorized**

Unlimited number of common shares without par value.

#### **Issued**

As at April 30, 2021 and August 30, 2021, there were 1,099,366 common shares issued and outstanding.



### **Share purchase options outstanding**

On June 4, 2020, the Company adopted an incentive stock option plan (the “Plan”), which provides that the board of directors of the Company may from time to time, on its discretion and in accordance with the Exchange requirements, grant to directors, officers, employees, and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the common shares outstanding at closing. Such options will be exercisable for a period of up to five years from the date of grant or such greater or lesser duration as the board may determine at the date of grant. Options may be exercised no later than 12 months following cessation of the optionee’s position with the Company, unless otherwise determined by the board, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the options may be exercised within a maximum period of 12 months after such death, subject to the expiry date of such options, unless otherwise determined by the board.

On April 22, 2021, the Company issued 300,000 options to directors with a fair value of \$145,414, calculated using the Black-Scholes Option Pricing model. These options are exercisable into one common share of the Company at a price of \$0.50 for a period of 5 years, expiring on April 22, 2026. A total of 219,873 options vested immediately at the date of grant. The remaining 80,127 options shall vest following the Company issuing (at least) an aggregate additional 400,634 common shares, so as to permit the issuance of additional securities under the Plan. As at April 30, 2021, there were 300,000 options outstanding, with 219,873 exercisable.

Inputs used to calculate the fair value of the options issued were a stock price of \$0.81, expected life of 5 years, volatility of 100% and a discount rate of 0.93%.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).