# Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") provides discussion and analysis of the financial condition and results of operations of EV Minerals Corporation (the "Company" or "EVM") for the three and six months ended June 30, 2023 and should be read in conjunction with the condensed interim financial statements for the three and six months ended June 30, 2023 and 2022, and the accompanying notes, and the audited financial statements and the accompanying notes for the years ended December 31, 2022 and 2021. The MD&A is the responsibility of management and is dated as of August 28, 2023.

All dollar amounts are stated in Canadian dollars unless otherwise indicated. Additional information relating to the Company is available on SEDAR at www.sedar.com.

**Forward-Looking Statements**

This MD&A may contain, without limitation, statements concerning possible or assumed future operations, performance or results preceded by, followed by or that include words such as "believes", "expects", "potential", "anticipates", "estimates", "intends", "plans" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees. The reader should not place undue reliance on forward-looking statements and information because they involve risks and uncertainties that may cause actual operations, performance or results to be materially different from those indicated in these forward-looking statements. The Company is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors. These cautionary statements expressly qualify all forward-looking statements in this MD&A.

## 1.0 DESCRIPTION OF THE BUSINESS AND ACTIVITY

EV Minerals Corporation (the "Company") is a public company engaged in the exploration and development of a nickel-copper-cobalt property in Québec.

The Company is incorporated under the laws of Ontario and its registered office is located at 100 King Street West, Suite 5600, Toronto, Ontario, M5X 1C9. The Company is a public company and a reporting issuer in Ontario, British Columbia, Alberta, and Manitoba. EVM commenced trading on the Canadian Securities Exchange ("CSE") on June 19, 2023 under the symbol "EVM".

The Company is a mineral exploration company which does not generate revenue. For the six months ended June 30, 2023, the Company incurred a cashflow deficit from operations of $185,852 (2022 - $9,427). The cashflow deficits from operations limit the Company's ability to fund its operations and the acquisition, exploration, and development of its mineral properties.

Directors and officers of the Company are as follows: Nicholas Konkin, Chief Executive Officer and Director; Chris Irwin, Director; Dino Titaro, Director; Rob Montemarano, Director; Guy Charette, Director; Rebecca Hudson, Chief Financial Officer; and Carly Burk, Corporate Secretary.

## 2.0 HIGHLIGHTS

***Technical:***

- On June 19, 2023, EVM filed a NI 43-101 technical report with an effective date of November 28, 2022 for the Poissons Blanc Project in Northern Quebec;
- On March 27, 2023, the Company announced the results of its Electromagnetic (“EM” or “AirTEM”) and Total Magnetic Intensity (“TMI”) surveys that were completed as part of an initial fall 2022 exploration program.

***Corporate:***

- On March 14, 2023, the Company announced the closing of the first tranche of a private placement to raise $540,000 through the issuance of 5,400,000 common shares of the Company;
- On May 29, 2023, the Company completed the closing of the second tranche of 1,950,000 common shares at a price of $0.10 per common share for gross proceeds of $195,000;
- On August 17, 2023, the Company completed a non-brokered private placement through the issuance of 1,740,600 flow-through units ("FT Unit") at a price of $0.17 per FT Unit for gross proceeds of $295,902;
- On July 12, 2023, EVM announced the resignation of Miles Nagamatsu as CFO of the Company, and the appointment of Rebecca Hudson to the CFO role;
- On July 12, 2023, the Company announced the appointment of Guy Charette to the Board of Directors.

## 3.0 OVERALL PERFORMANCE

### EXPLORATION AND EVALUATION

***Option agreement***

On September 26, 2022, the Company was granted an option to acquire a 100% interest in Poissons Blanc (“Option Agreement”), a nickel-copper-cobalt property comprised of 32 mineral claims covering approximately 1,797 hectares in the Saguenay Mining district in the Province of Québec.

In order to complete the acquisition of Poissons Blanc, the Company must make option payments, issue common shares and incur exploration expenditures, as follows:

| | Option payments | | Common shares Number | Common shares Fair value | Exploration expenditures |
|---|---|---|---|---|---|
| | US$ | C$ | | C$ | US$ |
| July 29, 2022 (paid and issued) | 12,600 | 58,000 | 1,250,000 | 62,500 | – |
| April 15, 2023 (see Note 1, below) | 25,000 | 50,000 | 1,250,000 | – | 400,000 |
| April 15, 2024 | 25,000 | 50,000 | 1,250,000 | – | 400,000 |
| April 15, 2025 | 500,000 | 500,000 | 1,250,000 | – | 400,000 |
| | 562,600 | 658,000 | 5,000,000 | 62,500 | 1,200,000 |

Note1: With respect to the obligations under the Option that were due on April 15, 2023, the Company paid $25,000 of the $50,000 amount owing during the period ended June 30, 2023, and issued 1,250,000 common shares in April 2023. In August 2023, an additional cash payment of $15,000 was made. The optionee agreed to defer the remaining cash payment of the option payments of US$25,000, the remaining $10,000, and the exploration expenditures of US$400,000 until the Company completes a private placement.

Note 2: The Company has the option to pay the C$500,000 due on April 15, 2025 by issuing common shares based on the 20-day weighted average trading price per common share.

Upon completion of the Option, the Company will grant a 5% net smelter royalty ("NSR"). The Company will have the option to reduce the NSR to 2.5% by making a payment of $2,000,000 within 3 years from the date of issuance of the NSR.

***Historical work***

The following outlines the historical work on Poisson Blanc:

- Regional mapping of the paragneiss to the south of the property was performed by the Quebec Ministry of Natural Resources ("Ministry") in and the mapping of the Riviere aux rats area, encompassing the Poissons Blanc property area, by the Ministry (Rondot, 1963).

- An airborne magnetometer and electromagnetic survey with 100m spacing has been performed by Aerodat Limited in the spring of 1989. This survey outlined a series of north to north-northeast trending coincident magnetic and electromagnetic anomalies (de Carle, 1989). A reconnaissance geological mapping of the property has been done for McNickel Inc. (Mandziuk, 1989)

- Then, McNickel Inc. (Mountain and McAdam, 1989) covered the property with ground geophysics surveys including magnetometer, VLF-EM and MaxMin1 on a cut grid totaling 170 km. They performed a geological mapping and sampling at 1:1250 scale on 25m spaced cut lines for a total distance of 53-line km. Starting in July 1989, 156 diamond drill were advanced, totaling 15,942m which tested a strike length of 2.45 km and maximum depth of 300m. In total 6,700 samples were taken and analyzed for Ni, Cu, Co, Fe, Mn, Pb, Zn, Mo, Pt, Pd and Au.

- A detailed study of the Poissons Blanc deposit was carried out by the Quebec Ministry of Natural Resources in 1998 which defined the relationship between the mafic lithologic units and the sulphide mineralization (Clark and Hebert, 1998).

- A 2011 campaign initiated by 9157-2222 Quebec Inc. focused on the geological mapping of the Main zone, locating of the historical drill holes on the McNickel deposit and obtaining samples from the discovery site for a preliminary analysis which would ultimately determine the viability for the nickel bearing material to be extracted using the bio-leach methodology.

- In 2012, 9157-2222 Quebec Inc. requested RPC Science & Engineering ("RPC") to carry out initial scoping metallurgical testing inclusive of mineralogy, bulk flotation, acid leaching and magnetic separation tests on their magmatic sulphide nickel deposit just north of Lac St. Jean in southern Quebec.

- In 2013, RPC carried out bioleach amenability test work on McNickel ore. Column testing was conducted following the agitated leach test.

- In 2022, a Deposit Bacterial Leaching and Downstream Processing Scoping Study as a follow up study to the previous metallurgical studies was planned by 9157-2222 Quebec Inc. No further metallurgical work has been undertaken on the property.

**Recommended work program**

To carry out the recommended work program, the following budget is proposed:

| | |
|---|---:|
| Drilling 1,600 metres (direct costs) | 249,900 |
| Program Supervision | 14,000 |
| Program Geologist | 9,500 |
| Program Technician | 6,800 |
| Lodging | 12,700 |
| Transportation | 7,200 |
| Assaying of 800 samples at $25/sample | 20,000 |
| Sample Processing (trays, shipping, etc.) | 3,500 |

| | |
|---|---|
| Standards | 2,000 |
| Data Compilation (historic and recent) | 10,000 |
| Sub-total | 335,600 |
| Contingency | 33,560 |
| Total proposed budget | 369,160 |

***Current update***

On March 27, 2023, the Company announced the results of Electromagnetic ("EM" or "AirTEM") and Total Magnetic Intensity ("TMI") surveys that were completed as part of an initial fall 2022 exploration program. The EM surveys were completed using the Triumph AirTEM™ time-domain electromagnetic system and the results from the surveys identified two main magnetic features that show high amplitude EM responses consistent with conductive trends striking north-south and dipping shallowly to the east (See Figure 1 on page 4).

*AirTEM Highlights*

- 73 lines flown covering 305.8 line kilometres at 100 metre spacing.
- Two main magnetic features identified are consistent with conductive trends (Western and Eastern Trend).
- Western Trend encompasses the well drilled existing historical non 43-101 compliant resource of 5.585 million tonnes with grades of 0.21% Nickel ("Ni"), 0.11% Copper ("Cu") and 0.03% Cobalt ("Co").
- Eastern Trend is largely untouched, with the northern extent of the conductive trend being most highly magnetic within the entire area providing the company with a high-priority exploration target.
- Study suggests the magnetism is caused by the presence of sulphides rather than magnetite. Given the strong correlation between Fe content and Ni grade, recommendation from the survey is to target the strongest magnetic response that has an associated EM response.

The initial plan when flying the AirTEM™ was to update original geophysical surveys and test the consistency of the anomalies previously identified. The Company is pleased to have discovered an additional anomaly and confirm the geophysical consistency. The original anomaly was well drilled and the geophysical similarities to the eastern anomalies have us extremely excited. The strong correlation between iron and nickel provides very good priority targets as the Company has outlined an initial 800-metre-long untested trend that will require drilling to determine nickel tenor and the thickness of the massive sulphide intersections.

*AirTEM Survey Results*

The AirTEM survey completed by BECI Exploration Consulting, consisted of 73 lines at 100 metre spacing and covered 305.8 line kilometres. Two main magnetic features identified are consistent with conductive trends (Western and Eastern Trend). The identified conductive trends are interrupted by a series of subparallel faults, which is evident in both the magnetic and electromagnetic data. Notable interpretation points out that the north section of the Eastern Trend is the most strongly magnetic, anomalous in EM, and yet has never been drilled. The TMI ranges from a low of 54,390 nT to a high of 55,220 nT or 830 nT. This low relative range (for an iron formation) suggests the magnetism is due to the presence of sulphides rather than magnetite. Given the strong correlation between Fe content and Ni grade, it makes sense to target the strongest magnetic response that has an associated EM response. The Company will commence follow-up work on both Western and Eastern Trends as part of the next phase of exploration.

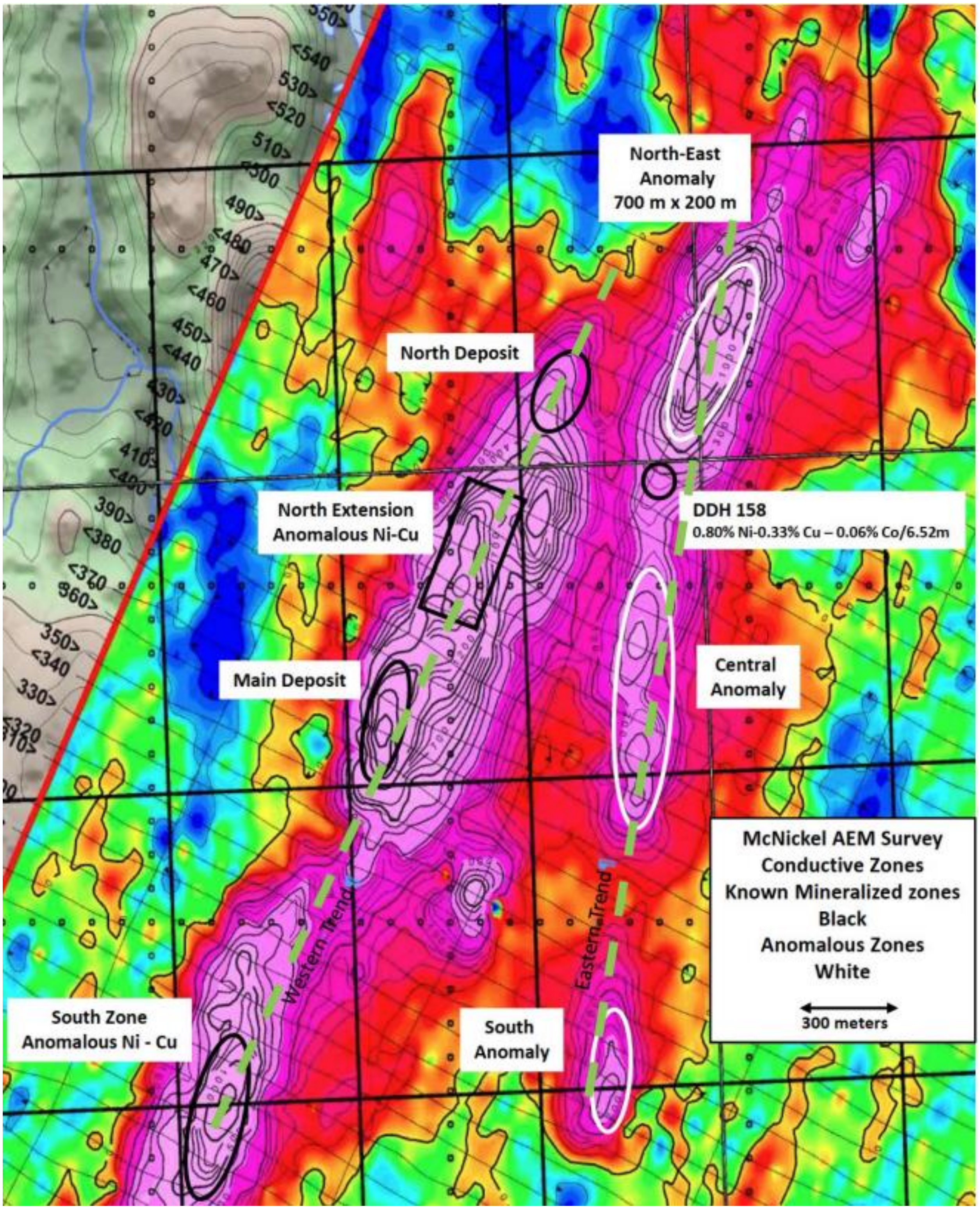


Figure 1: VTEM and TMI Survey Conductive Zone and Anomalous Zone Locations

## 4.0 RESULTS OF OPERATIONS

### Selected Financial Information

The following table provides selected financial information and should be read in conjunction with the Company's Interim Financial Statements:

| As at | **June 30, 2023** | December 31, 2022 |
|---|---|---|
| | **$** | $ |
| Total assets | **1,050,187** | 678,420 |
| Total liabilities | **289,523** | 40,060,660 |
| Accumulated deficit | **(59,840,022)** | (98,956,725) |
| **Three months ended June 30,** | **2023** | 2022 |
| | **$** | $ |
| Net loss for the period | **(164,190)** | (1,060,079) |
| Net loss per share, basic and diluted | **(0.00)** | (0.02) |
| **Six months ended June 30,** | **2023** | 2022 |
| | **$** | $ |
| Net income (loss) for the period | **39,116,703** | (2,102,392) |
| Net Income (Loss) per share, basic | **0.55** | (0.03) |
| Net Income (Loss) per share, diluted | **0.55** | (0.03) |

### Summary of Quarterly Results

The following are selected financial results for the eight most recent quarterly periods:

| **For the periods ended:** | **June 30, 2023** | **March 31, 2023** | **December 31, 2022** | **September 30, 2022** |
|---|---|---|---|---|
| Net (loss) income for the period | **(164,190)** | 39,280,893 | (799,381) | (2,690,860) |
| Net (loss) income per common share, basic | **(0.00)** | 0.58 | (0.01) | (0.04) |
| Net (loss) income per common share, diluted | **(0.00)** | 0.58 | (0.01) | (0.04) |

| For the periods ended: | June 30, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 |
|---|---|---|---|---|
| Net loss for the period | (1,060,079) | (1,042,313) | (883,631) | (899,381) |
| Net loss per common share, basic | (0.02) | (0.02) | (0.01) | (0.01) |
| Net loss per common share, diluted | (0.02) | (0.02) | (0.01) | (0.01) |

Net loss for Q3 2022 includes a foreign exchange loss of $1,531,792 and net income for Q1 2023 includes a gain of $40,787,091 on the settlement of the default judgment payable (See "*Settlement of default judgment payable"*).

***Three months ended June 30, 2023 vs 2022***

The Company recorded net loss of $164,190 during the three months ended June 30, 2023 compared to a net loss of $1,060,079 in the comparative period of the previous year. The decrease in the loss reflects the following:

a) Decrease in professional fees to $16,259 (2022 - $20,399) related to completing the Company's listing statement to go public in 2023 versus legal work related to the default judgement settlement in 2022.
b) Increase in consulting fees to $93,704 (2022 - $nil) related to the recommencement of operations subsequent to the acquisition of the Option Agreement.
c) Increase in public company costs to $18,547 (2022 - $4,280) since the Company was listed on the CSE and started trading on June 18, 2023.
d) Increase in investor relations expenses to $29,500 (2022 - $nil) related to marketing and promotions activities to complete the non-brokered private placements in the current period, and issue press releases.
e) Decrease in interest during the period ended June 30, 2023 which recorded interest income of $31, compared to interest expense of $1,037,253 in 2022 related to the default judgement payable.

***Six months ended June 30, 2023 vs 2022***

The Company recorded net income of $39,116,703 during the six months ended June 30, 2023 compared to a net loss of $2,102,392 in the comparative period of the previous year. The change over the prior year period reflects the following:

a) Increase in professional fees to $39,363 (2022 - $23,330) related to completing the Company's listing statement to go public in 2023 versus legal work related to the default judgement settlement in 2022.
b) Increase in consulting fees to $209,204 (2022 - $nil) related to the recommencement of operations subsequent to the acquisition of the Option Agreement.
c) Increase in public company costs to $21,751 (2022 - $5,821) since the Company was listed on the CSE and started trading on June 18, 2023.
d) Increase in investor relations expenses to $33,653 (2022 - $nil) related to marketing and promotions activities to complete the non-brokered private placements in the current period, and issue press releases.
e) Decrease in interest to $965,419 (2022 - $2,074,506) related to the default judgement payable and ultimate settlement in 2023.
f) increase in foreign exchange loss to $392,138 (2022 – gain of $1,368) due to the effect of the change in the foreign exchange rate between the US dollars and Canadian dollars on the default judgment payable which is denominated in US dollars.
g) gain of $40,787,091 on the settlement on the default judgment payable.

## 5.0 LIQUIDITY AND CAPITAL RESOURCES

The Company is a mineral exploration company which does not generate revenue. During the six months ended June 30, 2023, EVM incurred a cashflow deficit from operations of $185,852 (2022 - $9,427). The cashflow deficits from operations limit the Company's ability to fund its operations and the acquisition, exploration and development of its mineral properties.

EVM's continued operation is dependent upon the Company's ability to settle its outstanding liabilities including the default judgment payable and to secure equity financing to fund its operations and the acquisition, exploration and development of its mineral properties. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

***Private placements of common shares***

On March 14, 2023, EVM announced its intention to complete a private placement of up to 10,000,000 common shares at a price of $0.10 per common share for gross proceeds of up to $1,000,000 and the closing of the first tranche of

5,400,000 common shares for gross proceeds of $540,000. In connection with the first tranche, the Company paid a cash commission of $20,800 and issued 208,000 warrants entitling the holder to purchase one common share for $0.10 until March 14, 2025. On May 29, 2023, the Company completed the closing of the second tranche of 1,950,000 common shares at a price of $0.10 per common share for gross proceeds of $195,000.

The fair value of the 208,000 broker warrants was calculated using the Black-Scholes option pricing model with the following inputs and assumptions: issue date of March 14, 2023; expiry date of March 14, 2025; risk-free rate interest rate of 3.72%, exercise price of $0.10; underlying share price of $0.10; expected volatility of 100%, and expected dividend yield of 0%. The fair value assigned to these broker warrants was $11,000.

Subsequent to the period ended June 30, 2023, the Company completed a non-brokered private placement through the issuance of 1,740,600 flow-through units ("FT Unit") at a price of $0.17 per FT Unit for gross proceeds of $295,902 (the "Offering"). Each FT Unit is comprised of one common share, issued on a flow-through basis ("FT Share") and one half of one common share purchase warrant, issued on a non-flow-through basis (each a whole warrant, a "FT Warrant"). Each FT Warrant shall entitle the holder thereof to acquire one common share in the capital of the Company (each, a "Common Share") at a price of $0.25 per Common Share for a period of two (2) years from date of issuance.

***Settlement of default judgment payable***

| | $ |
|---|---|
| Balance, December 31, 2022 | 39,835,907 |
| Interest to March 14, 2023 | 965,450 |
| Foreign exchange loss to March 14, 2023 | 391,183 |
| Settlement | |
| Non-refundable default judgment payment | (295,000) |
| Issue of common shares (note 7) | (110,449) |
| Gain on settlement | (40,787,091) |
| Balance, June 30, 2023 | – |

On September 26, 2022, the Company entered into a settlement agreement to settle the default judgment payable. In exchange for release of the default judgment payable, the Company agreed to issue 7,004,485 common shares, with 5,900,000 common shares with a fair value of $295,000 issued on September 9, 2022 and 1,104,485 common shares with a fair value of $110,449 issued on March 14, 2023. The Company recorded a gain of $40,787,091 on the settlement of the default judgment payable.

***Debt settlements***

On May 29, 2023, the Company settled $93,340 of indebtedness to arm's length and non-arm's length creditors through the issuance of 933,400 common shares at a price of $0.10 per common share.

***Related Party Balances and Transactions***

Related parties as defined by IAS 24 - *Related Party Disclosures* include members of the Board of Directors, key management personnel, and any companies controlled by these individuals. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling activities of the Company being directors and executive management, comprising of the Chief Executive Officer and the Chief Financial Officer.

The transactions noted below are in the normal course of business and are approved by the Board of Directors in adherence to conflict-of-interest laws and regulations.

The remuneration of directors and key management personnel of the Company was as follows:

| Periods ended June 30, | Three months **2023** | 2022 | Six months **2023** | 2022 |
|---|---|---|---|---|
| | **$** | $ | **$** | $ |
| Consulting fees | **48,704** | - | **104,204** | - |
| Professional fees | **10,009** | 10,713 | **26,863** | 10,713 |
| Share issue costs | **9,829** | - | **16,787** | |
| | **68,542** | 10,713 | **147,854** | 10,713 |

Consulting fees include amounts paid to Grove Corporate Services Ltd., ("Grove"), a private company through which the services of the CEO and director, CFO, and Corporate Secretary are provided.

Professional fees and share issue costs include amounts paid to Irwin Lowy LLP, a law firm with a partner, Chris Irwin, who is a director of the Company.

At June 30, 2023, a total of $66,559 (December 31, 2022 - $141,762) is owed to officers, directors, and companies controlled by officers and directors. These amounts are due on demand, unsecured, non-interest-bearing, and with no fixed terms of repayment.

## 6.0 FINANCIAL RISK AND CAPITAL MANAGEMENT

**Financial Instruments and Other Instruments**

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

*Accounts payable and accrued liabilities and due to related parties*

The fair value of accounts payable and accrued liabilities and due to related parties approximates their carrying values due to the short term to maturity.

*Classification of fair value of financial instruments*

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

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

The Company classified the fair value of the settlement of the default judgment payable with common shares as level 3.

***Financial risk management***

The Company's activities expose it to a variety of financial risks that arise as a result of its operations and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

***Credit risk***
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from the Company’s cash. The Company’s limits its exposure to credit risk on its cash by holding its cash in deposits with a Canadian chartered bank.

***Liquidity risk***
Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company’s approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due, other than amounts owing to related parties. The continued operation of the Company is dependent upon the Company’s ability to settle its outstanding liabilities including the default judgment payable and secure equity to identify, evaluate and acquire assets, properties or businesses, meet its existing obligations and fund its operations. At June 30, 2023, the Company had cash of $397,921 (December 31, 2022 - $89,320) to settle current liabilities of $289,523 (December 31, 2022 - $40,060,660). The Company's financial liabilities generally have contractual maturities of less than 30 days.

***Market risk***
Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company’s income or the value of its financial instruments.

*Foreign exchange risk*
Foreign exchange risk is the risk of financial loss to the Company due to a change in foreign exchange rates. The Company is exposed to foreign currency fluctuations in US dollars. Such exposure arises primarily from exploration option payments that are denominated in US dollars.

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk.

*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. At June 30, 2023, with the settlement of the default judgment payable, which was denominated in US dollars, the Company is not exposed to interest rate risk.

***Capital management***
Capital of the Company consists of share capital, contributed surplus and deficit. The Company’s objective when managing capital is to safeguard the Company’s ability to continue as a going concern so that it can acquire a business for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain the future development of the Company. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is inactive and has no revenues, its principal source of capital is from the issuance of common shares. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company’s approach to capital management during the year.

## 7.0 OUTSTANDING SHARES

| | August 28, 2023 | June 30, 2023 | December 31, 2022 |
|---|---|---|---|
| Common Shares | 78,851,278 | 77,110,678 | 66,472,793 |
| Warrants | 1,181,242 | 208,000 | - |
| Options | 6,400,000 | - | - |
| **Fully Diluted Shares** | **86,432,520** | **77,318,678** | **66,472,793** |

## 8.0 OFF-BALANCE SHEET ARRANGEMENTS

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

## 9.0 PROPOSED TRANSACTIONS

The Company has not entered into any proposed transactions.

## 10.0 ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

For details of the accounting policies applied in preparation of the Interim Financial Statements, and the Company's Future Accounting Standards, including accounting standards not yet adopted, new accounting standards adopted, and accounting standards amended but not yet effective, please refer to Note 4 of the Company's Annual Financial Statements for the years ended December 31, 2022 and 2021.

## 11.0 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant assumptions about the future that Management has made 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, but are not limited to, the following:

- The recoverability of sundry receivables which are included in the statements of financial position;
- **Asset carrying values and impairment charges**: in the determination of carrying values and impairment charges, Management looks at the higher of recoverable amount, fair value less costs to sell in the case of assets, and significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that Management make a decision based on the best available information at each reporting period;
- **Foreign currency translation**: Effective September 1, 2022, the functional and presentation currency of the Company is the Canadian dollar. The functional currency of the Company is the currency of the primary economic environment in which each entity operates. Determination of the change in functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.
- **Restoration, rehabilitation and environmental obligations**: Management determines there are no material restoration, rehabilitation and environmental obligations, based on the facts and circumstances that existed in the current period that would trigger recognition of the provision in accordance with IAS 37, "*Provisions, contingent liabilities and contingent assets*";
- **Fair value of options and warrants**: management determines the fair value of warrants and stock options using the Black-Scholes option pricing model; and
- **Shares for debt**: The Company exercised judgment in determining the fair value of the debt settled with shares to be the fair value of the shares issued (see note 5).
- **Income, value added, withholding and other taxes**: The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional

taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

- **Valuation of the refundable mining duties credit and the refundable tax credit for resources**: The refundable mining duties credit and the refundable tax credit for resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations, including the mining duties credit and the tax credit for resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection. The calculation of the Company's mining duties credit and tax credit for resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessments and payments has been received from the relevant taxation authority. Differences arising between the actual results following the final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to the mining duties credit and tax credit for resources and the exploration and evaluation expenses in future periods.

## 12.0 MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the CEO and CFO of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements and the audited annual financial statements and respective accompanying MD&A.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in NI 52-109.

## 13.0 RISKS AND UNCERTAINTIES

***Going-concern***
The Company is a mineral exploration company which does not generate revenue. For the 3 months ended June 30, 2023, the Company incurred a cashflow deficit from operations of $185,852 (2022 - $6,939). The cashflow deficits from operations limit the Company's ability to fund its operations and the acquisition, exploration and development of its mineral properties.

The continued operation of the Company is dependent upon the Company's ability to secure equity financing to fund its operations and the acquisition, exploration and development of its mineral properties. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

***Exploration and evaluation***
The Company is exposed to the inherent risks associated with mineral exploration and development, including the uncertainty of mineral resources and their development into mineable reserves; the uncertainty as to potential project delays from circumstances beyond the Company's control; and the timing of production; as well as title risks, risks associated with joint venture agreements and the possible failure to obtain licences and permits.

***No History of Profitability***

The Company is an exploration stage company with no history of profitability. There can be no assurance that the operations of the Company will be profitable in the future. The Company has limited financial resources and will require additional financing to further explore, develop, acquire, retain and engage in commercial production on its property interests and, if financing is unavailable for any reason, the Company may become unable to acquire and retain its mineral concessions and carry out its business plan.

***Government Regulations***

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labor standards. In order for the Company to carry out its mining activities, its exploitation must be kept current. There is no guarantee that the Company's exploitation will be extended or that new exploitation will be granted. In addition, such exploitation could be changed and there can be no assurances that any application to renew any existing will be approved. The Company may be required to contribute to the cost of providing the required infrastructure to facilitate the development of its properties. The Company will also have to obtain and comply with permits and that may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to comply with any such conditions.

***Market Fluctuation and Commercial Quantities***

The market for minerals is influenced by many factors beyond the control of the Company such as changing production costs, the supply and demand for minerals, the rate of inflation, the inventory of mineral producing companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will exist for the profitable sale of such metals. Commercial viability of precious and base metals and other mineral deposits may be affected by other factors that are beyond the Company’s control including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors that may affect commercial viability so that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital.

***Mining Risks and Insurance***

The Company is subject to risks normally encountered in the mining industry, such as unusual or unexpected geological formations, cave-ins or flooding. The Company may become subject to liability for pollution, damage to life or property and other hazards of mineral exploration against which it or the operator if its exploration programs cannot insure or against which it or such operator may elect not to insure because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development and would have a material adverse effect on the financial position of the Company.

***Environmental Protection***

The mining and mineral processing industries are subject to extensive governmental regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety, which may adversely affect the Company or require it to expend significant funds.

***Capital Investment***

The ability of the Company to continue exploration and development of its property interests will be dependent upon its ability to raise significant additional financing. There is no assurance that adequate financing will be available to the

Company or that the terms of such financing will be. Should the Company not be able to obtain such financing, its properties may be lost entirely.

***Conflicts of Interest***

Certain of the directors and officers of the Company may also serve as directors and officers of other companies involved in base and precious metal exploration and development and consequently, the possibility of conflict exists. Any decisions made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matters in which they may have a conflict of interest.

***Current Global Financial Conditions***

Current global financial conditions have been characterized by increased volatility, declining liquidity and the exit of a number of traditional investors from public markets. Access to public financing has been made more challenging by a global contraction of commercial and consumer credit markets. The ensuing decline in consumption has led to a marked erosion of investor confidence and risk tolerance. A major consequence/contributor to these factors may be seen in the unparalleled number of established financial institutions facing involuntary corporate reorganization, insolvency, bankruptcy and/or governmental intervention. While the most sensational of the corporate casualties have occurred in the United States, the global nature of today's economic reality has left no interrelated public market unscathed. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favourable to the Company or at all. Any or all of these economic factors, as well as other factors not specifically identified herein, may cause a decline in asset values that could be deemed to be other than temporary, resulting in impairment losses. If such conditions continue, the Company's operations could be negatively impacted, and the trading price of its common shares may be adversely affected.

Securities of mining and mineral exploration companies, including the common shares of the Company, have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of the Company is also significantly affected by short-term changes in commodity prices, base and precious metal prices or other mineral prices, currency exchange fluctuation and the political environment in the countries in which the Company does business.

## 17.0 QUALIFIED PERSON

The Company's disclosure of a technical or scientific nature in this Report has been reviewed and approved by Paul Mattinen, an Independent Qualified Person ("QP") as defined in National Instrument 43-101, *Standards of Disclosure for Mineral Projects*.

## 18.0 APPROVAL

The Board of Directors of the Company has approved the Interim Financial Statements and disclosures referenced in this MD&A.

## 19.0 FURTHER INFORMATION

Additional information relating to the Company can be found on SEDAR+ at www.sedarplus.ca.