

## **SPEARMINT RESOURCES INC.**

Management's Discussion and Analysis  
For the three months ended April 30, 2023

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Date of Report: June 14, 2023

The following discussion and analysis of the Company's financial condition and results of operations for the three months ended April 30, 2023, should be read in conjunction with its condensed consolidated interim financial statements and related notes. The requisite financial data presented for the relevant periods has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Disclaimer for Forward-Looking Information**

Certain statements in this report are forward-looking statements, which reflect management's expectations regarding the Company's future growth, results of operations, performance, business prospects and opportunities such as the intended work programs on its existing property interests, the ability to meet financial commitments and the ability to raise funds when required. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this Management's Discussion and Analysis. These assumptions, which include management's current expectations, estimates and assumptions about its current property interests, the global economic environment, the market price and demand for mineral commodities and its ability to manage the property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause the actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) a decreased demand or price for mineral commodities, (3) delays in the start of projects with respect to its property interests, (4) inability to locate and acquire additional property interests, (5) the uncertainty of government regulation and politics in North America regarding mineral exploration and mining, (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (7) other factors beyond its control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. Except as required by law, the Company disclaims any intention or obligation to update or revise any forward-looking statements. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risks and Uncertainties" below.

## **Nature of Business**

The Company was incorporated under the Business Corporations Act of British Columbia, Canada on September 23, 2009. The Company is involved in the identification, acquisition and exploration of mineral properties that management deems as potentially viable to assist in the growth of the Company. At April 30, 2023, the Company had mineral property interests located in Canada and the United States.

## ***Mineral Properties***

### *Nevada Elon and McGee Properties*

On July 12, 2016, the Company entered into a share purchase agreement with five arm's length vendors to purchase 100% of the issued and outstanding common shares of 1074942 B.C. Ltd., which through its wholly-owned subsidiary Mathers Lithium Corp. (a Nevada corporation) holds a 100% interest in certain lithium mineral claims (the "Elon claims" and the "McGee claims") in Nevada. In consideration for the net assets acquired, the Company issued 12,700,000 common shares at a value of \$444,500. In addition, the Company issued 912,000 common shares at a value of \$31,920 as a finder's fee and paid \$20,000 to the vendor for land acquisition and \$3,903 in filings fees in connection with this transaction. The above acquisition costs were allocated to the Elon Property and the McGee Property proportionately, being \$175,113 and \$325,210, respectively.

On June 14, 2017, the Company assumed an additional US\$30,000 payment owed to the vendors for the McGee claims as follows: US\$10,000 by September 1, 2017 (paid) and US\$20,000 by December 31, 2017 (paid). The vendors retain an NSR of 3.75% on the McGee claims.

During the years ended January 31, 2018, 2020, 2021 and 2022, the Company provided a security deposit of \$11,098, \$631, \$938 and \$3,454, respectively, in relation to its McGee Property.

During the year ended January 31, 2023, the Company incurred a total of \$16,490 in staking costs to secure the placer and lode claims on the McGee Property.

Management is currently formulating a follow up drill program.

### *Nevada Green Clay Lithium Project*

On August 31, 2021, the Company entered into an option agreement (the "Green Clay Agreement") with an arm's length vendor (the "Seller"), whereby the Seller granted an option to the Company to acquire a 100% interest in certain mineral claims (the "Green Clay Lithium Project") comprising of 97 contiguous claims totaling approximately 2,000 acres located in Clayton Valley, Nevada. In consideration, the Company is required to the following:

- Pay \$30,000 and issue 2,000,000 common shares (paid & issued at a value of \$230,000) to the Seller on signing the Green Clay Agreement;
- Pay \$30,000 and issue 1,000,000 common shares (paid & issued at a value of \$120,000) to the Seller within six months of signing; and
- Issue 1,000,000 common shares (issued at a value of \$60,000) to the Seller within the first anniversary of signing.

The Seller will retain a 1.5% NSR Royalty on this property. The Company will have the right to purchase 0.75% of the NSR Royalty for \$500,000 at any time up to the commencement of production.

Management is currently evaluating possible work and drill programs.

#### QC Chibougamau Vanadium Prospects

In December 2018 and January 2019, the Company acquired a 100% interest in certain mineral claims (the “Chibougamau Vanadium Prospects”), all located in the direct vicinity of Lac Chibougamau, Quebec, for aggregate staking costs of \$3,031.

In February 2019, the Company increased its acreage in this district by 3,154 acres to a total of 17,139 contiguous acres for staking costs of \$457.

#### QC Perron-East Gold Prospects

In September 2019, the Company acquired a 100% interest in the Perron-East Gold Prospects consisting of four mineral claim blocks covering 2,862 acres located in the Abitibi greenstone belt of northwestern Quebec for staking costs of \$1,372.

In February and June 2020, the Company significantly expanded this property to now covering approximately 11,608 acres consisting of five mineral claim blocks for additional staking costs of \$4,543.

### **Overall Performance**

The Company is a mineral exploration company engaged in the business of acquisition, exploration and, if warranted, development of mineral properties. The Company does not expect to generate any revenues in the foreseeable future or until a mineable reserve is defined and economically recoverable. The Company expects to continue to incur expenses as it works to further explore and develop its mineral properties.

The Company has conducted limited exploration on some of its properties, due to, among other things, the availability of sufficient funds for the purposes of mineral exploration and development, access to the property due to climate conditions, the uncertainties associated with the prices of precious and base metals and other minerals, and the global economic climate. The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The Company’s future performance is largely tied to the outcome of future exploration and the overall financial markets.

The recoverability of minerals from the Company’s properties is dependent upon, among other things, the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to continue to explore and develop its properties and upon future profitable production. In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time. Uncertainty in credit markets, fluctuation in commodity prices and general economic downturns has led to increased difficulties in raising and borrowing funds. As a result, the Company may have difficulties raising equity financing for the purposes of exploration and development of the Company’s properties, without



*Summary of Results During Prior Eight Quarters*

Net comprehensive loss increased by \$151,291 from the second to the third quarter of 2022 primarily due to an increase in the write-down of exploration and evaluation assets offset by a decrease in share-based payments. Net comprehensive loss decreased by \$778,469 from the third to the fourth quarter of 2022 primarily due to a decrease in share-based payments, corporate branding expenses and write-down of exploration and evaluation assets, and an increase in other income on settlement of flow-through share premium. Net comprehensive loss increased by \$25,481 from the fourth quarter of 2022 to the first quarter of 2023 primarily due to a decrease in other income on settlement of flow-through share premium offset by a decrease in operating expenses. Net comprehensive loss increased by \$378,331 from the first to the second quarter of 2023 primarily due to an increase of \$425,739 in share-based payments offset by an increase of \$25,247 in other income on settlement of flow-through share premium. Net comprehensive loss slightly decreased by \$8,692 from the second to the third quarter of 2023 primarily due to a decrease of \$407,485 in share-based payments offset by an increase of \$409,281 in the write-down of exploration and evaluation assets. Net comprehensive loss decreased by \$138,356 from the third to the fourth quarter of 2023 mainly due to a decrease of \$389,179 in the write-down of exploration and evaluation assets offset by an increase of \$186,171 in share-based payments. Net comprehensive loss decreased by \$195,130 from the fourth quarter of 2023 to the first quarter of 2024 primarily due to a decrease of \$134,363 in share-based payments as well as a decrease of \$29,154 in professional fees.

*Three months ended April 30, 2023 Compared to the Three months ended April 30, 2022*

The Company did not generate any revenues for the three months ended April 30, 2023 and 2022. Net comprehensive loss was \$144,421 for the three months ended April 30, 2023 compared to \$108,268 for the three months ended April 30, 2022. The increase was mainly due to an increase in operating expenses.

Operating expenses increased by \$40,916 from \$109,924 for the three months ended April 30, 2022 to \$150,840 for the three months ended April 30, 2023. The increase in operating expenses was mainly due to an increase in share-based payments offset by a decrease in corporate branding expenses.

Increased share-based payments (three months ended April 30, 2023: \$70,062; three months ended April 30, 2022: \$Nil) were due to expenses of \$70,062 attributable to vesting of restricted share units (“RSUs”) being recognized during the three months ended April 30, 2023 as compared to \$Nil expenses being recognized during the three months ended April 30, 2022. The Company may grant options and/or RSUs that are available under the Omnibus Equity Incentive Plan in the next 12 months period.

Corporate branding expenses decreased during the three months ended April 30, 2023 to \$3,445 (three months ended April 30, 2022: \$25,296) which included the following:

- \$3,445 (three months ended April 30, 2022: \$18,796) for online branding;
- \$Nil (three months ended April 30, 2022: \$5,000) for video version of news release with Investment Pitch Media; and
- \$Nil (three months ended April 30, 2022: \$1,500) for social media services related to the corporate twitter.

The corporate branding expenses were incurred to increase the awareness of the Company and the mining industry in general. Management anticipates such expenses may be similar

or higher in the next 12-month period due to management’s decision regarding overall branding expenses.

See “Nature of Business – Mineral Properties” for a discussion of the Company’s mineral properties on a property-by-property basis, including its plans for the mineral properties, the status of its plans, expenditures made and the anticipated timing and costs to take its mineral properties to the next stage of the project plan.

See “Overall Performance” for a discussion of events, risks and uncertainties that the Company believes will materially affect its future performance and “Risks and Uncertainties” for a discussion of risk factors affecting the Company.

## Discussion of Operations

### *Use of Proceeds*

The table below provides an update as to the status of how the Company has previously announced a proposed use of proceeds from prior financings and the actual use of such proceeds.

<b>Financing</b>	<b>Previously Disclosed Use of Proceeds</b>	<b>Status of Use of</b>
\$1,000,000 Flow-through  <i>May 2021 Private Placement</i>	Flow-through funds - towards existing Canadian properties.	As of the date of this report, \$751,726 was used in Perron East Gold exploration, \$229,592 used in Goose Gold exploration, and \$18,682 has not been used.

In May 2021, the Company closed a non-brokered private placement consisting of 5,000,000 flow-through units (the “FT Units”) at \$0.20 per FT Unit for gross proceeds of \$1,000,000. Each FT Unit consisted of one flow-through common share and one-half of one share purchase warrant (each, a “Warrant”). Each whole Warrant entitles the holder to purchase one additional non flow-through common share of the Company at a price of \$0.30 per share until May 12, 2023.

## Liquidity and Capital Resources

### *Liquidity*

The Company had a working capital of \$797,649 and cash and cash equivalents of \$850,760 at April 30, 2023 as compared to a working capital of \$872,642 and cash and cash equivalents of \$933,079 at January 31, 2023.

The Company's current assets have decreased to \$853,748 as at April 30, 2023 from \$938,455 as at January 31, 2023 due mainly to a decrease in cash and cash equivalents. The Company's current liabilities have decreased to \$56,099 as at April 30, 2023 from \$65,813 as at January 31, 2023, mainly due to a decrease in accounts payable. The value ascribed to the Company’s exploration and evaluation assets has increased from \$3,361,210 as at January 31, 2023 to \$3,361,844 as at April 30, 2023, due mainly to the exploration expenditures incurred in Nevada, as described above.

Management estimates that the Company’s cash and cash equivalents may not be sufficient to meet its working capital requirements, including the existing commitments relating to the Company's mineral properties. The Company expects to raise additional capital as the needs arise. See “Nature of Business – Mineral Properties” and “Overall Performance” for a discussion of the Company’s

commitments relating to its mineral properties. As a mineral exploration company, its expenses are expected to increase as the Company explores its mineral properties further. Management does not expect the Company to generate revenues from mineral production in the foreseeable future.

The Company's ability to conduct the planned work programs on its mineral properties, meet ongoing levels of corporate overhead and discharge its liabilities as they become due is dependent, in large part, on the ability of management to raise additional funds as necessary. Management anticipates that additional equity financings will need to be conducted to raise additional funds which, if successful, will result in dilution in the equity interests of the Company's current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase its liabilities and future cash commitments. Although the Company has secured financings in the past, there is no assurance that the Company will be able to do so in the future on terms that are favourable to the Company or at all. The Company's ability to raise additional funds in the future and its liquidity may be negatively impacted by a number of factors, including changes in commodity prices, market volatility and general economic downturns.

There is substantial doubt about the Company's ability to continue as a going concern as the continuation of its business is dependent upon obtaining further long-term financing, successful exploration of its mineral property interests, the identification of reserves sufficient to warrant development, successful development of its property interests and achieving a profitable level of operations.

#### *Capital Resources*

The Company has the following commitments for capital expenditures with respect to its mineral properties as of April 30, 2023. The expenditures are optional and the Company may decide not to incur such payments in the event the Company does not decide to pursue further exploration with respect to such properties.

- *QC Chibougamau Vanadium Prospects:*
  - 19 mineral claims are in good standing until January 8, 2024 or later. In order to renew these claims for another two years, the Company is required to incur a minimum of \$22,800 in exploration on these claims by November 7, 2023 or pay it in annual rental income to the Minister of Finance by January 8, 2024. Fees associated with these claims are \$1,306 if paid by November 7, 2023 otherwise the fees will be doubled to \$2,612 if paid between November 8, 2023 and January 8, 2024.
- *QC Perron East Gold Prospects:*
  - 81 mineral claims are in good standing until January 12, 2024 or later. In order to renew these claims for another two years, the Company is required to incur a minimum of \$92,300 in exploration on these claims by November 11, 2023 or pay it in annual rental income to the Minister of Finance by January 12, 2024. Fees associated with these claims are \$5,569 if paid by November 11, 2023 otherwise the fees will be doubled to \$11,138 if paid between November 12, 2023 and January 12, 2024.
  - 12 mineral claims are in good standing until May 3, 2025 or later. In order to renew these claims for another two years, the Company is required to incur a minimum of \$13,000 in exploration on these claims by March 2, 2025 or pay it in annual rental income to the Minister of Finance by May 3, 2025. Fees associated with

these claims are \$825 if paid by March 2, 2025 otherwise the fees will be doubled to \$1,650 if paid between March 3, 2025 and May 3, 2025.

- *Nevada Elon and McGee Properties:*
  - The Elon claims are in good standing until September 1, 2023. In order to keep these claims in good standing, the Company is required to pay BLM fees of US\$2,310 by September 1, 2023.
  - The McGee claims are in good standing until September 1, 2023. In order to keep these claims in good standing, the Company is required to pay BLM fees of US\$16,335 by September 1, 2023.
  
- *Nevada Green Clay Lithium Project:*
  - The Green Clay lithium claims are in good standing until September 1, 2023. In order to keep these claims in good standing, the Company is required to pay BLM fees of US\$16,005 by September 1, 2023.

See “Nature of Business – Mineral Properties” for a discussion of the Company’s capital expenditure commitments with respect to its mineral properties.

In addition to the above capital expenditure requirements, the Company shares office space with another three public companies and the Company pays office rent and administrative expenses of \$2,415 on a monthly basis.

#### *Operating Activities*

During the three months ended April 30, 2023, operating activities used \$81,685 in cash. The use of cash for the three months ended April 30, 2023 was mainly attributable to its loss for the period of \$144,421 offset by share-based payments of \$70,062.

During the three months ended April 30, 2022, operating activities used \$195,519 in cash. The use of cash for the three months ended April 30, 2022 was mainly attributable to its loss for the period of \$108,268 and decreased accounts payable of \$121,633, offset by decreased receivables of \$30,754.

#### *Investing Activities*

During the three months ended April 30, 2023, investing activities used cash of \$634 in exploration and evaluation costs primarily relating to the exploration work incurred in Nevada.

During the three months ended April 30, 2022, investing activities used cash of \$645,831 in exploration and evaluation costs primarily relating to the acquisition costs and exploration work incurred in Quebec and Nevada.

#### *Financing Activities*

During the three months ended April 30, 2023, financing activities did not provide or use any cash.

During the three months ended April 30, 2022, financing activities provided cash of \$72,500, which was attributable to gross proceeds received for share issuance.



### **Changes in Accounting Policies including Initial Adoption**

The Company has not adopted any new accounting policies during the three months ended April 30, 2023.

### **Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet arrangements.

### **Related Parties Transactions**

During the three months ended April 30, 2023, the Company paid the following management fees: \$15,000 each to James Nelson, the President of the Company, and Seth Kay, the Chief Operating Officer of the Company, in consideration for their services to the Company during the period.

During the three months ended April 30, 2023, the Company paid \$15,000 in professional fees to Sea Star Consulting Inc., a private company controlled by the Chief Financial Officer, Cindy Cai, in consideration for accounting services provided to the Company.

There are no management agreements in place and the Company has no contractual requirement to continue paying management fees. Management fees, directors' fees and professional fees are intended to compensate such persons for their time and dedication to the Company.

During the three months ended April 30, 2023, the Company incurred share-based payments of \$52,548 to one director (James Nelson) and two officers (Seth Kay and Cindy Cai). As a mineral exploration issuer, the Company partially relies on the issuance of stock options and RSUs to compensate its directors and officers for their time and dedication to the Company.

As at April 30, 2023, amounts due to related parties were \$12,500 (January 31, 2023: \$12,500), which included the following: \$2,500 each payable to four directors (James Nelson, George Franklin Bain, Negar Adam and Dennis Aalderink) and one former director (Spencer Smyl) for unpaid directors' fees. These amounts are unsecured, non-interest bearing and payable on demand.

All transactions with related parties have occurred and are measured at the amount of consideration established and agreed to by the related parties.

### **Financial Instruments and Other Instruments**

The Company's financial instruments consist of cash and cash equivalents, receivables, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

### **Proposed Transactions**

Other than as disclosed herein, the Company does not have any proposed transactions as of the date of this report.

**Additional Disclosure for Venture Issuers without Significant Revenue**

During the three months ended April 30, 2023 and 2022, the Company incurred the following expenses:

	2023	2022
Capitalized acquisition costs	\$Nil	\$166,490
Capitalized exploration costs	\$634	\$85,634
Operating expenses	\$150,840	\$109,924

Please refer to Note 4 in the condensed consolidated interim financial statements for the three months ended April 30, 2023 for a description of the capitalized acquisition and exploration costs presented on a property-by-property basis.

**Disclosure of Outstanding Share Data**

*Common Shares*

The Company’s common shares are listed on the Canadian Securities Exchange under the symbol “SPMT”. The Company’s authorized share capital consists of an unlimited number of common shares without par value.

As at April 30, 2023, the Company had 261,043,583 common shares issued and outstanding.

Subsequent to April 30, 2023, the Company issued a total of 1,320,000 common shares to its directors, officers and consultants with respect to the vested RSUs. As of June 14, 2023, the Company had 262,363,583 common shares issued and outstanding.

*Stock options*

As at April 30, 2023 and June 14, 2023, the Company had 18,550,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number	Exercise Price	Expiry Date
17,500,000	\$0.08	July 22, 2023
1,050,000	\$0.05	October 31, 2023
<u>18,550,000</u>		

*Share Purchase Warrants*

As at April 30, 2023, the Company had 8,027,318 share purchase warrants outstanding. Each warrant entitles the holder to right to purchase one common share as follows:

Outstanding	Exercise Price	Expiry Date
2,500,000	\$0.30	May 12, 2023
5,527,318	\$0.05	July 29, 2025
<u>8,027,318</u>		

Subsequent to April 30, 2023, 2,500,000 share purchase warrants at an exercise price of \$0.30 per share expired unexercised. As of June 14, 2023, the Company had 5,527,318 share purchase warrants outstanding.

### **Management's Responsibility for Financial Statements and MD&A**

The Company's management is responsible for presentation and preparation of the financial statements and the MD&A. The condensed consolidated interim financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

The condensed consolidated interim financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information.

The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks, and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

### **Risks and Uncertainties**

*Because of the unique difficulties and uncertainties inherent in mineral exploration ventures, the Company faces a high risk of business failure.*

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration program that the Company intends to undertake on its properties and any additional properties that the Company may acquire. These potential problems include unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The expenditures to be made by the Company in the exploration of the properties may not result in the discovery of any mineral deposits. Any expenditure that the Company may make in the exploration of any other mineral property that the Company may acquire may not result in the discovery of any commercially exploitable mineral deposits. Problems such as unusual or unexpected geological formations and other conditions are involved in all mineral exploration and often result in unsuccessful and/or expensive exploration efforts. If the results of the exploration do not reveal viable commercial mineralization, the Company may decide to abandon or sell some or all of the property interests.

*Because of the speculative nature of the exploration of mineral properties, there is no assurance that the exploration activities will result in the discovery of any quantities of mineral deposits on the current properties or any other additional properties the Company may acquire.*

The Company intends to continue exploration on the current properties and the Company may or may not acquire additional interests in other mineral properties. The search for mineral deposits as

a business is extremely risky. The Company can provide investors with no assurance that exploration on the current properties, or any other property that the Company may acquire, will establish that any commercially exploitable quantities of mineral deposits exist. Additional potential problems may prevent the Company from discovering any mineral deposits. These potential problems include unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. If the Company is unable to establish the presence of mineral deposits on the properties, the Company's ability to fund future exploration activities will be impeded, the Company will not be able to operate profitably and investors may lose all of their investment in the Company.

*Because of the inherent dangers involved in mineral exploration and exploitation, there is a risk that the Company may incur liability or damages as the Company conducts business.*

The search for mineral deposits involves numerous hazards. As a result, the Company may become subject to liability for such hazards, including pollution, cave-ins and other hazards against which the Company cannot insure or against which the Company may elect not to insure. At the present time the Company have no coverage to insure against these hazards. The payment of such liabilities may have a material adverse effect on the Company's financial position.

*The potential profitability of mineral ventures depends in part upon factors beyond the control of the Company and even if the Company discovers and exploits mineral deposits, the Company may never become commercially viable and the Company may be forced to cease operations.*

The commercial feasibility of an exploration program on a mineral property is dependent upon many factors beyond the Company's control, including the existence and size of mineral deposits in the properties the Company explore, the proximity and capacity of processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental regulation. These factors cannot be accurately predicted and any one or a combination of these factors may result in the Company not receiving any return on invested capital. These factors may have material and negative effects on the Company's financial performance and its ability to continue operations.

*Exploration and exploitation activities are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on the Company.*

Exploration and exploitation activities are subject to foreign, federal, provincial, and local laws, regulations and policies, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. Exploration and exploitation activities are also subject to foreign, federal, provincial, and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment. Properties may also be subject to complex Aboriginal claims.

Environmental and other legal standards imposed by foreign, federal, provincial, or local authorities may be changed and any such changes may prevent the Company from conducting planned activities or may increase costs of doing so, which would have material adverse effects on the Company's business. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company, especially, foreign laws and regulations. Additionally, the Company may be subject to liability for pollution or other environmental damages that the Company may not be able to or elect not to insure against due to prohibitive premium costs and other reasons. Any laws, regulations or policies of any government body or regulatory agency may be changed, applied or interpreted in a manner which will alter and negatively affect the Company's ability to carry on business.

*Because the Company's property interests may not contain any mineral deposits and because the Company has never made a profit from operations, the Company's securities are highly speculative and investors may lose all of their investment in the Company.*

The Company's securities must be considered highly speculative, generally because of the nature of its business and the stage of exploration. The Company currently has exploration stage property interests which may not contain mineral deposits. The Company may or may not acquire additional interests in other mineral properties but the Company does not have plans to acquire rights in any specific mineral properties as of the date of this Management's Discussion and Analysis. Accordingly, the Company has not generated any revenues nor has the Company realized a profit from operations to date and there is little likelihood that the Company will generate any revenues or realize any profits in the short term. Any profitability in the future from the Company's business will be dependent upon locating and exploiting mineral deposits on current properties or mineral deposits on any additional properties that the Company may acquire and subsequent development. The likelihood that any mineral properties that the Company may acquire or have an interest in will contain commercially exploitable mineral deposits is extremely remote. The Company may never discover mineral deposits in respect to current properties or any other area, or the Company may do so and still not be commercially successful if the Company is unable to exploit those mineral deposits profitably. The Company may not be able to operate profitably and may have to cease operations, the price of the Company's securities may decline and investors may lose all of their investment in the Company.

*As the Company faces intense competition in the mineral exploration and exploitation industry, the Company will have to compete with its competitors for financing and for qualified managerial and technical employees.*

Competition includes large established mining companies with substantial capabilities and with greater financial and technical resources than the Company have. As a result of this competition, the Company may have to compete for financing and be unable to conduct any financing on terms the Company considers acceptable. The Company may also have to compete with the other mining companies for the recruitment and retention of qualified managerial and technical employees. If the Company is unable to successfully compete for financing or for qualified employees, the exploration programs may be slowed down or suspended, which may cause operations to cease as a company.

*The Company has a history of losses and have a deficit, which raises substantial doubt about its ability to continue as a going concern.*

The Company has not generated any revenues during the three months ended April 30, 2023 and 2022. The Company will continue to incur operating expenses without revenues if and until the Company engages in commercial operations. Accumulated loss as of April 30, 2023 was \$8,379,981 since inception. The Company had cash and cash equivalents in the amount of \$850,760 as at April 30, 2023. The Company estimates the average monthly operating expenses to be approximately \$50,000 each month. This estimate depends on whether the Company is active or inactive with the work programs. The Company cannot provide assurances that the Company will be able to successfully explore and develop its property interests. If the Company is unable to continue as a going concern, investors will likely lose all of their investments in the Company.

*The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its exploration activities and investors could lose their entire investment.*

There is no assurance that the Company will operate profitably or will generate any positive cash flow in the future. The Company will require additional financing in order to proceed with the exploration and, if warranted, development of its properties. The Company will also require additional financing for fees the Company must pay to maintain its status in relation to the rights to the properties and to pay the fees and expenses necessary to operate as a public company. The Company will also need more funds if the costs of the exploration of its mineral claims are greater than the Company has anticipated. The Company will require additional financing to sustain its business operations if the Company is not successful in earning revenues. The Company will also need further financing if the Company decides to obtain additional mineral properties. The Company currently does not have any arrangements for further financing as the Company believes that it is sufficiently funded for the current operations but in future the Company expects to raise additional capital as the needs arise. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

*The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.*

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the Company's directors and officers will exercise their fiduciary duties and duty of care but nonetheless may not be able to devote sufficient time to the Company's business affairs, which may negatively affect the Company's ability to conduct ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of the Company's officers' other business interests.

#### RISKS RELATING TO THE COMPANY'S COMMON STOCK

*A decline in the price of the Company's common stock could affect its ability to raise further working capital and adversely impact ability to continue operations.*

A prolonged decline in the price of the Company's common stock could result in a reduction in the liquidity of its common stock and a reduction in its ability to raise capital. Because a significant portion of operations have been and will be financed through the continued sale of equity securities, a decline in the price of the common stock could be especially detrimental to liquidity and operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on business plans and operations, including the ability to continue current operations. If the Company's stock price declines, the Company can offer no assurance that it will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, the Company may not be able to have the resources to continue normal operations or become insolvent.

The market price for the Company's common stock may also be affected by its ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of its common stock and its operations as a result.

#### **Additional Information**

The Company files annual and interim reports, information circulars and other information with certain Canadian securities regulatory authorities. The documents filed with the Canadian securities regulatory authorities are available at <http://www.sedar.com>.