

## **GEOLOGICA RESOURCE CORP.**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**For the Six Months and Three Months Ended June 30, 2022**

#### **Overview**

This MD&A has been prepared as of August 29, 2022 and the following information should be read in conjunction with the Geologica Resource Corp. ("**Geologica**" or the "**Company**") un-audited financial statements for the six months and three months ended June 30, 2022 and the audited consolidated financial statement and accompanying notes for the year ended December 31, 2021, together with the notes thereto. The Company's financial statements for the six (6) month period ended June 30, 2022 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

This discussion contains forward-looking statements that involve certain risks and uncertainties. Statements regarding future events, expectations and beliefs of management and other statements that do not express historical facts are forward-looking statements. In this discussion, the words "believe", "may", "will", "estimate", "continue", "anticipate", "intend", "expect", "plan", "predict", "potential" and similar expressions, as they relate to the Company, its business and management, are intended to identify forward looking statements. Geologica Resource Corp. has based these forward-looking statements largely on its current expectations and projections about future events and financial trends affecting the financial condition of the business. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements.

Except as may be required by applicable law or regulation, the Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements. If the Company updates one or more forward-looking statements, no inference should be drawn that additional updates will be made with respect to those or other forward-looking statements. Additional information relating to the Company, is available by accessing the SEDAR website at [www.sedar.com](http://www.sedar.com).

#### ***Business Overview and Strategy***

Geologica Resource Corp. was incorporated as a wholly owned subsidiary of Tower One Wireless Corp. ("**Tower One**") in order to facilitate a plan of arrangement with Tower One which closed on October 13, 2016. As a result of the plan of arrangement, the Company became a reporting issuer in British Columbia. On April 27, 2022 the Company received a receipt for its Final Prospectus in British Columbia, Ontario and Alberta, becoming a reporting issuer in all of the those jurisdictions.

The Company is a mineral exploration and resource development company engaged in the business of acquiring, exploring and evaluating natural resource properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is complete. As at the date of this MD&A, the Company has not earned any production revenue and is considered to be an exploration stage company.

## **Topley Property**

Geologica Resource Corp. is a mineral explorer, building shareholder value through the acquisition of projects with significant technical merit. The Topley Property consists of the Topley Claims and the TAC Claim.

## **Topley Claims**

On October 19, 2020 the Company signed an option agreement for 100% of the mineral claims known as the Topley Claims. The property includes 6 claims totaling 2,669ha. and is located near the Granisle and Bell mine sites north west of Prince George. The option agreement was amended on October 28, 2020 to add an additional claim to the optioned claims. In order to earn an interest in the property, the Company must make the following:

### Cash payments:

- \$5,000 on signing the agreement (paid)
- \$50,000 by December 31, 2023 (completed)

### Share issuances:

- 250,000 on listing of the Company's shares
- 250,000 by December 31, 2021 (amended to on listing of the Company's shares)
- 250,000 by December 31, 2022
- 250,000 by December 31, 2023

### Exploration expenditures:

- \$15,000 by November 7, 2020 (incurred)
- \$25,000 by December 31, 2020 (completed)
- 110,000 by December 31, 2021 (amended to September 30, 2022)

The option is subject to a 2% Net Smelter Return royalty, of which 1% can be repurchased by the Company for \$1,000,000.

## **TAC Claim Purchase and Sale Agreement**

On April 14, 2021, the Company entered into an agreement to purchase a 100% interest in a mineral property in British Columbia known as the TAC Claims. The property is strategically located within the Topley Claims and adds 37.4 hectares to the Company's land position. In order to earn an interest in the property, the Company must make the following:

### Cash payment:

- \$2,500 on signing the agreement (paid)

### Share issuances:

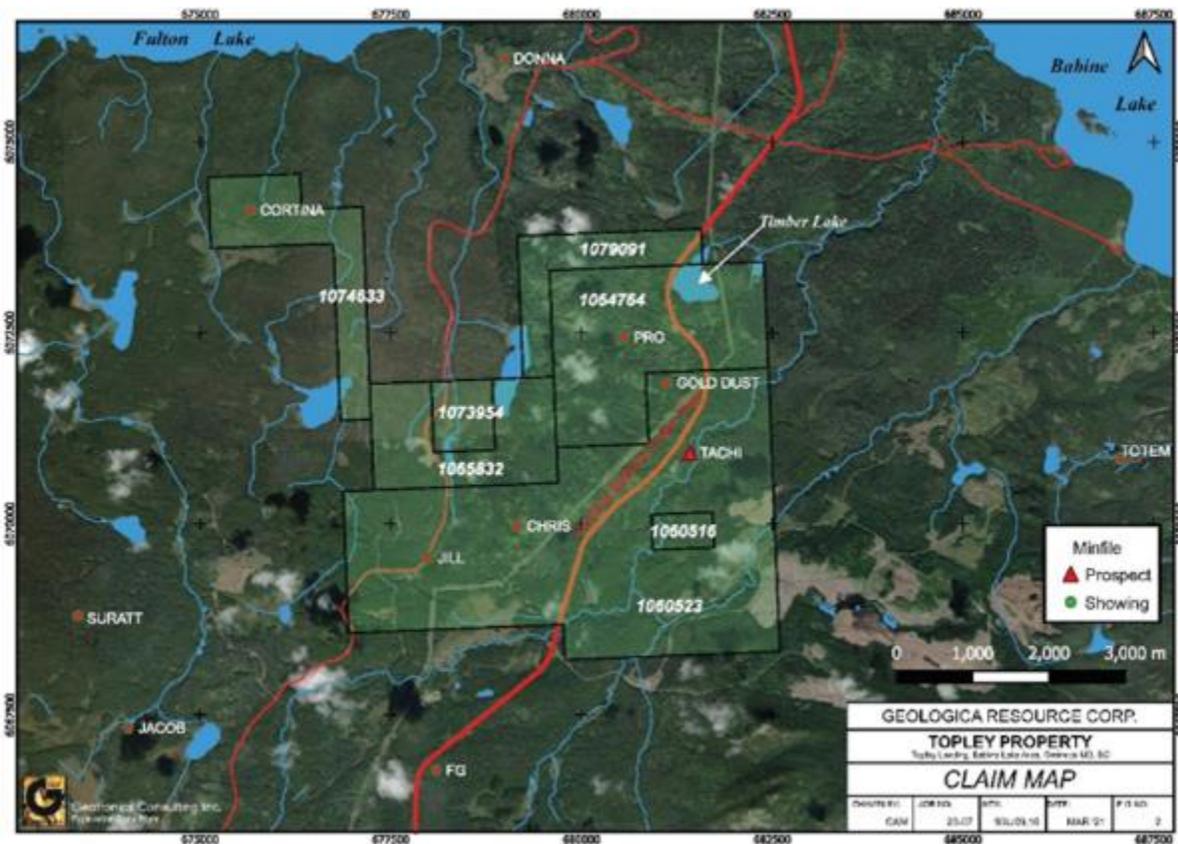
- Shares valued at \$5,000 by December 31, 2021 (issued)
- Shares valued at \$10,000 by December 31, 2022

- Shares valued at \$15,000 by December 31, 2023
- Shares valued at \$20,000 by December 31, 2024.

The number of shares to be issued is calculated based on the 10-day average closing price of the Company's shares immediately preceding delivery of notice of the share issuance to the vendor.

<b>Topley Property</b>		
Balance December 31, 2020	\$	31,426
Acquisition costs - cash		2,500
Acquisition costs - shares		5,000
Exploration costs		
Assay		29,194
Sampling		1,856
<hr/>		
<b>Balance December 31, 2021 and March 31, 2022</b>	<b>\$</b>	<b>69,976</b>

**Claims Map**



## ***Overall Performance***

The Company has focused during the period ended June 30, 2022 on the Company's initial public offering and business development.

## **Selected Financial Information**

The financial information reported here has been prepared in accordance with IFRS. The Issuer uses the Canadian dollar (CDN) as its reporting currency. Selected un-audited financial data for interim operations of the Issuer for the three months and six months ended June 30, 2022 and for the three months and six months ended June 30, 2021:

### ***Selected Statement of Operations Data***

<b>Period ended</b>	<b>Three Months Ended June 30, 2022</b>	<b>Three Months Ended June 30, 2021</b>	<b>Six Months Ended June 30, 2022</b>	<b>Six Months Ended June 30, 2021</b>
Total revenues	\$Nil	\$Nil	\$Nil	\$Nil
Net Income / (Loss)	\$(42,649)	\$(48,762)	\$(85,228)	\$(79,426)
Basic Income/(loss) per share	\$(0.00)	\$(0.01)	\$(0.01)	\$(0.01)
Diluted loss per share (Unaudited)	\$(0.00)	\$(0.01)	\$(0.01)	\$(0.01)
Weighted average shares	12,389,252	8,826,312	12,389,252	10,652,052

### ***Selected Balance Sheet Data***

<b>As At</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Cash & Equivalents	\$5,636	\$73,019
Current Assets	\$36,149	\$122,408
Exploration and Evaluation Assets	69,976	\$69,976
Total Assets	\$106,125	\$192,384
Current liabilities	\$216,995	\$212,628
Non-Current liabilities	\$59,964	\$65,367
Total liabilities	\$276,964	\$277,995
Working Capital / (deficit)	\$(180,846)	\$(90,220)

## Comparison of the Three Months and Six Months periods ending June 30, 2022 and June 30, 2021

### *Revenues*

The Company had no revenues for the six months ended June 30, 2022, or for the six months ended June 30, 2021. The Company does not expect any revenues during the current fiscal year.

### *Mineral Property Exploration and Evaluation*

During the 6 month period ended June 30, 2022 the Company spent \$Nil in exploration and evaluation of the Topley Property compared to \$38,550 During the fiscal year ended December 31, 2021.

	<b>Topley Property</b>
Balance December 31, 2020	\$ 31,426
Acquisition costs - cash	2,500
Acquisition costs - shares	5,000
Exploration costs	
Assay	29,194
Sampling	1,856
<b>Balance December 31, 2021 and June 30, 2022</b>	<b>\$ 69,976</b>

### *Expenses*

For the six months ended June 30, 2022 expenses totaled \$85,228 (June 30, 2021 - \$79,426)

For the three months ended June 30, 2021 expenses totaled \$42,649 (June 30, 2021 - \$48,762).

For the six month period ended June 30, 2022 expenses increased marginally, most of the increase was due to an increase in legal fees related to the preparation and filing of the prospectus.

For the three month period ended June 30, 2022 increased legal fees due to preparation of regulatory documents in regards to the initial public offering, were offset by a reduction in management fees of \$7,500.

### *Interest Expense/(Income)*

The interest expense in the 6 month period ended June 30, 2022 was \$5,158 which is a decrease of \$2,923 from the interest expense of \$8,081 for the 6 month period ended June 30, 2021. The decrease is due to interest on convertible debentures which were converted to shares in 2021. Interest expense for the periods ended June 30, 2021 and June 30, 2020 was comparable.

The interest expense in the 3 month period ended June 30, 2022 was \$2,490 which is comparable to the interest expense \$2,071 for the three month period ended June 30, 2021. The balance consists of interest on the Company's loans payable. Interest expense decreased for the period ended June 30, 2021 as compared to June 30, 2020 due to repayment of convertible loans due to related parties.

### ***Profits***

At this time, the Company is not anticipating profit from operations. The Company will report an annual deficit and quarterly deficit and will rely on its ability to obtain equity/or debt financing to fund on-going operations. For information concerning the business of the Company, please see “*Business Overview and Strategy*”.

### ***Stock Based Compensation***

For the 3 month and six month periods ended June 30, 2022 stock based compensation was \$Nil (June 30, 2021- \$Nil).

### ***Selected Quarterly Information***

	Three Months Ended June 30, 2022	Three Months Ended March 31, 2022	Three Months Ended December 31, 2021	Three Months Ended September 30, 2021	Three Months Ended June 30, 2021	Three Months Ended March 31, 2021	Three Months Ended December 31, 2020	Three Months Ended September 30, 2020
	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income (Loss)	(42,649)	(42,579)	(\$82,840)	(83,457)	(48,762)	(30,667)	(241,555)	(13,575)
Income (Loss) per Share basic and diluted	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.05)	(0.00)
Cash	5,636	5,173	73,019	500	6,845	38,696	24,001	1,109
Exploration and Evaluation Assets	69,976	69,976	69,976	51,737	51,737	49,237	31,426	Nil
Total Assets	106,125	111,721	192,384	97,834	113,159	142,398	72,283	255,071
Non-Current Liabilities	59,969	66,268	65,367	Nil	56,000	56,000	154,750	117,726

### ***Liquidity and Capital Resources***

At June 30, 2022, the Issuer had cash and cash equivalents of \$5,636 (December 31, 2021 – \$73,019) and a working capital deficit of \$180,846 (December 31, 2021 - \$90,220). Working capital decreased by \$90,626 when compared to the year ended December 31, 2021. This decrease was mostly due to financing activity during the six month period ended June 30, 2021. Working capital is defined as current assets less current liabilities.

	Six Months Ended June 30, 2022	Six Months ended June 30, 2021
<b>Financing Activities</b>		
Proceeds from issuance of common shares	-	66,130
Share issuance costs	-	(10,000)
Issuance of convertible notes	-	130,000
Payment of loans payable	-	(8,400)
Payment of convertible notes	-	(71,584)
Change in due to related parties	34,021	7,797
Cash provided by financing activities	<u>34,021</u>	<u>113,943</u>

The Issuer's Cash flows from financing activities for the six months ended June 30, 2022 consisted of the issuance of Nil common shares for proceeds of \$Nil. The Issuer's Cash flows from financing activities for the six months ended June 30, 2021 consisted of the issuance of 5,540,300 common shares for proceeds of \$264,110.

Cash utilized in operating activities during the six months ended June 30, 2022 was \$101,404 (June 30, 2021 - \$110,788).

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Changes in non-cash working capital item related to operations:		
Advances	(312)	(352)
GST receivable	4,188	(3,293)
Prepaid expenses	15,000	(31,576)
Accounts payable and accrued liabilities	<u>(41,730)</u>	<u>(9,982)</u>

At June 30, 2022 share capital was unchanged from December 31, 2021 at \$1,696,489 comprised of 12,389,252 issued and outstanding Common Shares.

Warrant and Option Reserves at June 30, 2022 of \$514,277 is unchanged from December 31, 2020.

As a result of the net loss for the six months ended June 30, 2022 of \$85,228 the deficit at June 30, 2022 increased to \$2,394,177 from \$2,308,949 for the year ended December 31, 2021.

Total equity decreased from a deficit of \$85,611 at December 31, 2021 to a deficit of \$170,839 at June 30, 2022.

At present, the Company's operations do not generate cash inflows and its financial success after June 30, 2022 is dependent on the development of its mineral exploration operations which will not generate revenues for the foreseeable future.

In order to finance the Issuer’s future exploration and development plans as well as administrative and overhead expenses in the coming years the Issuer may raise money through equity sales. Many factors influence the Issuer’s ability to raise funds, including the Issuer’s track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of the Issuer’s exploration activities, issuance of permits and licenses from governments, approval from first nations band councils, construction of facilities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control. Should those risks fully materialize, it may not be able to raise adequate funds to continue its operations.

***Off Balance Sheet Arrangements***

There are currently no off -balance sheet arrangements which could have an effect on current or future results or operations or the financial condition of the Company.

***Transactions with related parties are as follows:***

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Accounting fees to a Company controlled by the CFO and director	\$ 5,000	\$ 3,000
Consulting fees to the CFO and director	6,000	6,000
Management fees to the CEO and director	30,000	27,500
	<b>\$ 41,000</b>	<b>\$ 36,500</b>

**Balance due to the CEO and director:**

As of June 30, 2022, the Company has \$42,423 (December 31, 2021: \$16,902) owing to the CEO and director of the Company. The balance has no set terms of repayment and does not bear interest.

**Balance due to the CFO and director:**

As of June 30, 2022, the Company has \$46,963 (December 31, 2021: \$41,963) owing to a company controlled by the CFO and director, and \$29,500 (December 31, 2021: \$26,000) owing to that director. The amounts do not bear interest and has no set terms of repayment.

**Balance due from former subsidiary:**

As of June 30, 2022, the Company as \$100 (December 31, 2021: \$100) due from its former subsidiary, Alta-Sun. The amount does not bear interest and has no set terms of repayment.

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

The following table sets forth material cost for the Company, which has been derived from the Company’s financial statements for the six month period ended June 30, 2022 and June 30, 2021. This summary should be read in conjunction with the Company’s unaudited financial statements for the periods ended June 30, 2022 and June 30, 2021:

<i>Material Costs</i>	<i>Six Months ended June 30, 2022</i>	<i>Six Months ended June 30, 2021</i>
<i>Consulting fees</i>	<i>\$6,000</i>	<i>\$7,000</i>
<i>Legal fees</i>	<i>\$16,015</i>	<i>\$8,081</i>
<i>Management fees</i>	<i>\$30,000</i>	<i>\$27,500</i>
<i>Transfer Agent &amp; Filing Fees</i>	<i>\$15,849</i>	<i>\$13,736</i>
<i>Share-based compensation</i>	<i>\$Nil</i>	<i>\$Nil</i>
<i>Total Expenses</i>	<i>\$85,228</i>	<i>\$72,889</i>
<i>Net loss and comprehensive loss for the six months</i>	<i>\$(85,228)</i>	<i>\$(79,429)</i>

### ***Subsequent Events***

There are no subsequent events to the date of this Management Discussion and Analysis, other than:

the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID- 19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods; and

On April 27, 2022 the Company filed a final prospectus with the British Columbia, Alberta and Ontario Securities Commissions (the “Prospectus”). The Prospectus covers the offering of a minimum of 6,500,000 common shares of the Company to a maximum of 10,000,000 common shares of the Company at a price of \$0.10 (the ‘Offering’) for gross proceeds of a minimum \$650,000 and maximum \$1,000,000. Research Capital is acting as the agent (the “Agent”) for the Offering. The Agent will receive a commission of 8% of the capital raised under the offering and warrants equal to 8% of the common shares issued under the offering as well as corporate finance fees. The capital will be used for exploration of the Topley Property option agreement and for general working capital.

On July 27, 2022 the Company received a receipt from the BCSC for its Amended and Restated Prospectus, extending the final distribution date to October 25, 2022.

### ***Proposed Transactions***

As at the date of this Management Discussion and Analysis there are no transactions currently contemplated by the Issuer, See “*Business Overview and Strategy*”

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

The Issuer’s financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and amounts due to shareholders. Unless otherwise noted, it is management’s opinion that the Issuer is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair value of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximates their carrying value due to their short-term maturity or capacity for prompt liquidation.

### ***Disclosure of Outstanding Share Data***

As at June 30, 2022, the Issuer had an unlimited number of authorized common shares with 12,389,252 common shares issued and outstanding unchanged from December 31, 2021.

As at June 30, 2022 the issuer had Nil options outstanding unchanged from December 31, 2021.

As at June 30, 2022 the Issuer had 1,507,043 warrants outstanding unchanged from December 31, 2021.

The following table shows the details for the outstanding warrants:

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Warrants 1 whole warrant exercisable at \$0.25 up until April 12, 2023	645,743	645,743
Warrants 1 whole warrant exercisable at \$0.05 up until February 3, 2023	200,000	200,000
Warrants 1 whole warrant exercisable at \$0.125 up until March 29, 2026	661,300	661,300