CHEMESIS INTERNATIONAL INC.
(the "Company")

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

This Management Discussion and Analysis ("MD&A") has been prepared by management in accordance with the requirements of National Instrument 51-102 and should be read in conjunction with the consolidated financial statements and accompanying notes for the year ended June 30, 2022, and the related notes contained therein which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian dollars, the reporting and functional currency of the Company, unless otherwise indicated.

DATE

This MD&A is prepared as of October 7, 2022.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "*anticipate*", "*believe*", "*estimate*", "*expect*" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the Company's operations. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or our achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. This MD&A should be read in conjunction with the risk factors described in the *Risk Factors* section of this MD&A. Although the Company has attempted to identify important factors that could cause actions, events or results to differ materially from those described in the forward-looking statements, there may be other factors that cause actions, events, or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as at the date of the MD&A. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements. The Company does not undertake to update any forward-looking statements except as required by applicable securities laws.

DESCRIPTION OF BUSINESS

The Company previously operated in the cannabis industry. The Company intends to change its business to mineral exploration and development with a focus on identifying, evaluating and acquiring interests in mineral properties in North America. The Company has identified its first acquisition of an interest in a mineral property in British Columbia, Canada, the Rose Property. In addition to this mineral property, the Company is also reviewing other mineral properties in North America for possible acquisitions in the future.

The Company's change in focus to mineral exploration and development constitutes a Change of Business under Policy 8 of the CSE. Under CSE Policy 8, a proposed Change of Business is subject to a complete review by the CSE, and CSE Approval is subject to a number of conditions, including shareholder approval (which was received by the Company on June 21, 2022) and delivery of documentation required by the CSE, which the Company is in the process of completing. The Company has received the conditional approval of the Change of Business and the Transaction from the CSE. Upon receipt of final CSE Approval, the Company expects that the Company will be listed on the CSE as a Mining Issuer, its Common Shares will begin trading under the symbol "REC" and that the Change of Business will be complete.

During the year ended June 30, 2022, the Company entered into an option agreement with Geomap Exploration Inc.("Geomap"), a privately-owned BC company, to acquire up to 100% interest in the Rose Property which is located in the Kamloops Mining Division in British Columbia. As such, the Company is in the process of completing a Change of Business ("COB") as defined by Policy 8 of the CSE.

The Company is in the process of winding up La Finca and discharging its liabilities, of which, at June 30, 2022 are nominal.

Subsequent to June 30, 2022, the Company completed a 2:1 share consolidation, whereby two of the pre-consolidation shares is consolidated in to one post-consolidation share. All disclosures in these consolidated financial statements reflect the shares post-consolidation.

On September 2, 2022, the Company closed the Equity Financing by issuing an aggregate of 14,000,000 units at a price of $0.10 per unit for total gross proceeds of $1,400,000. Each unit consists of one Common Share and one Warrant entitling the holder thereof to purchase one additional Common Share at a price of $0.12 until September 1, 2024. In addition, the Company paid $90,000 to the Optionor and issued 250,000 Common Shares to the Optionor. On this date, the Company also entered into debt settlement agreements with certain officers, directors and consultants of the Company pursuant to which it settled approximately $839,568 of debt incurred for services rendered to the Company through the issuance of 8,395,683 Common Shares, at a deemed price of $0.10 per Common Share.

Subsequent to June 30, 2022, 1,271,400 common share purchase warrants at an exercise price of $2.00 and 346,208 common share purchase warrants with an exercise price of $1.70 expired unexercised.

COVID-19

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.

KEY BUSINESS ACTIVITIES

See above for business activities during the year ended June 30, 2022.

All cannabis operations have been discontinued or terminated and the Company is currently anticipating the Change of Business, at which time it will be pursuing exploration and evaluation activities.

Subsidiaries and their activities

GSRX was disposed of on June 30, 2022 in exchange for forgiveness of an intercompany loan of approximately US $229,000.

The Company started Vending Co. in fiscal 2021 which held CBD distribution vending machines. The Company was unable to secure large retail contracts and now looks to liquidate its operations and sell the assets.

The Company's US subsidiaries, Desert Zen LLC, SAP Global Inc., Bonhomie Labs LLC and Kieley Growth Management, LLC were wound up during the year ended June 30, 2022.

Business acquisitions

None to report during the year ended June 30, 2022.

TRANSACTIONS IN PROGRESS

During the year ended June 30, 2022, the Company applied to the CSE for the following, which was approved by shareholders on June 21, 2022 (the "Arrangement"):

Refer to the Description of Business section, above.

Rose exploration and evaluation property
During the year ended June 30, 2022, the Company entered into a property option agreement with Geomap Explorations Inc, a privately-owned B.C. company to acquire up to 100% interest in the Rose Property, located in Kamloops Mining Division, B.C for consideration as follows:

- Cash payments of $170,000 to be made on the following dates:
    - $90,000 10 days after the effective date of the agreement: ($50,000 paid as at June 30, 2022, $40,000 paid subsequently)
    - $30,000 one year after the effective date
    - $50,000 two years after the effective date
- Issuing 800,000 common shares on the following dates:
    - 250,000 common shares 10 days after the effective date of the agreement
    - 250,000 common shares one year after the effective date
    - 300,000 common shares two years after the effective date of the agreement; and
- Incurring exploration expenditures as follows:
    - $110,000 on or before the date that is one year after the effective date; and
    - $250,000 on or before the date that is two years after the effective date.

Shares issued pursuant to this agreement are subject to escrow terms, whereby one quarter of the shares issued will vest every three months.

Once the title to the property is granted to the Company, the Company will grant a 3% Net Smelter Royalty("NSR") on commercial production on the property to Geomap. Chemesis has an irrevocable option to acquire one third of the NSR for $1,000,000.

OVERALL PERFORMANCE

The net assets of the Company decreased from $(203,133) at June 30, 2021 to $(1,578,667) at June 30, 2022. The most significant asset at June 30, 2022 is accounts receivable of $233,938 (2021 - $201,964). The accounts receivable consists of GST receivables from the Canadian Revenue Agency, which the Company expects to collect. The Company during the year ended June 30, 2022 paid $50,000 to the Optionor for the Rose Property, and $40,000 subsequent to June 30, 2022.

The Company's liabilities at June 30, 2022 consist primarily of accounts payable and accrued liabilities of $1,727,924 (June 30, 2021 - $2,287,347) and convertible debt of $132,720 (June 30, 2021 - $129,382).

Cash decreased by $1,720,364 primarily due to cash used in operating activities of $1,168,636, cash used in discontinued operating activities of $1,804,179 offset by financing activities which raised $1,252,451.

HIGHLIGHTS

See Description of Business, Transactions in Progress and Activities of the Company's Subsidiaries, above.

On October 29, 2021, the Company announced anticipated delays in filing the Company's annual financial statements. On January 11, 2022, the Company's obtained a Management Cease Trade Order ("MCTO") and the Company's stock was suspended from trading. On March 25, 2022, the Company filed its audited annual financial statements, and on March 29, 2022, the Company succeeded in obtaining a revocation of the MCTO and re-commenced trading.

On November 29, 2021, the Company announced that is has closed a non-brokered private placement issuing an aggregate of 5,196,668 units ("Units") at a price of $0.24 per Unit for gross proceeds of $1,247,200. Each Unit consists of one common share in the capital of the Company ("Share") and one common share purchase warrant ("Warrant") exercisable at $0.15 for 24 months from the date of issuance into an additional Share.

On April 19, 2022, the Company announced that the Company is pursuing a Change of Business as defined by the Policy 8 of the CSE, and is subject to review by the CSE. Further, the Company entered into the Rose Property Agreement (See Transactions in Progress). Upon completion of the COB, the Company will rename itself Refined Energy Corp., and trade under the ticker "REC".

Additionally on April 19, 2022, the Company also announced that Brian Thurston (Director) will stepping down and replaced by Mark Fields.

Mr. Fields has over 35 years industry experience in the mineral exploration and development. Mr. Fields has broad experience in overseeing mineral properties from exploration to production. Mr. Fields served as a geologist and business manager for the Rio Tinto Group (1991-1997), where he was involved in all aspects of Rio Tinto's Canadian exploration activities and was intimately involved in advancing the Diavik diamond project from various exploration stages to feasibility studies. Mr. Fields also served as the Corporate Affairs Manager for La Teko Resources Ltd. (1997-1999), where he oversaw corporate planning and reporting and project evaluation until the company accepted a $44 million take-over offer from Kinross Gold Corporation. Mr. Fields was the Vice President (1999-2001) and a director (1999- 2009) of Copper Ridge Explorations Inc., where he was responsible for directing geological programs, project evaluations and continuous disclosure obligations of the company. Mr. Fields received the E.A. Scholz award in 2012 from the Association for Mineral Exploration BC for excellence in mine development for his key role in developing the Willow Creek metallurgical coal mine during his time at Pine Valley Mining Corporation as Executive Vice President (2001-2005). Mr. Fields has extensive public company experience as he has served as: a director (2010-present) and President and CEO (2017- present) of Discovery Harbour Resources Corp.; a director (2016-present) of Nickel Creek Platinum Corp.; a director of Geodex Minerals Ltd. (2009-2017); a director (2006-2013) and President and CEO (2012-2013) of Prime Meridian Resources Corp.; and a director of Bluestone Resources Inc. (2006-2012).

DISCUSSION OF OPERATIONS

The following highlights the key operating expenditures during the year ended June 30, 2022 compared to 2021:

For the Year ended June 30, 2022

During the year ended June 30, 2022, the Company incurred a net loss from continuing operations of $252,043 (2021 - $9,808,962). The net loss from continuing operations for the year ended June 30, 2022 consists primarily of the following:

- Revenues were $29,321 (2021 - $27,838) derived from CBD vending machine sales. The Company terminated these operations in Q3 2022.

- Advertising and marketing of $nil (2021 - $4,779,627) consists of advertising and marketing campaigns to increase market awareness and brand generation activities. The expense decreased as a result of reduced advertising and marketing campaigns and related expenditures;

- Consulting and payroll of $172,767 (2021 - $386,408) consists primarily of services used in operational and corporate activities. This expense has increased reflecting the services used for operational and corporate activities during the period as the Company shifts its focus to mineral exploration activities.

- Management fees of $365,612 (2021 - $518,250) consists primarily of services used in corporate activities and reflects the changing needs of the Company. Management fees decreased following the Company's shift in operations and related management. Much of management have stopped charging fees during the change of business to a mineral property exploration business.

- Professional fees of $798,522 (December 31, 2020 - $1,259,811) consists primarily of legal work associated with litigation defence, wind-up and settlement costs, general securities counsel and audit and tax fees incurred. The reduction over the prior year reflects the decrease in operations and volume of professional services needed;

- Change in fair value of derivative (other income) of $1,184,481 (2021 - $12,488) consists primarily of the fair value adjustment on the Company's embedded derivative liability.

Net loss and comprehensive loss from continuing operations for the year ended June 30, 2022 is $252,043 (2021 - $9,808,962). The Company's foreign subsidiaries gave rise to any cumulative translation adjustment, of which there were no activities at or during the year ended June 30, 2022.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the eight most recently completed interim quarters from continuing operations:

	Quarter Ended June 30, 2022 $	**Quarter Ended March 31, 2022 $**	**Quarter Ended December 31, 2021 $**	**Quarter Ended September 30, 2021 $**
Revenue	7,180	8,222	6,959	6,960
Operating Expense	(75,987)	(525,749)	(648,108)	(294,489)
Net income (loss)	237,811	(484,246)	(704,577)	698,970
Comprehensive income (loss)*	237,811	(484,246)	(704,577)	698,970
Basic and diluted loss per share, basic and diluted	0.00	(0.01)	(0.01)	0.01

*Income during the quarter ended September 30, 2021 and June 30, 2022 were due to a gain on derivative liability.

	Quarter Ended June 30, 2021 $	**Quarter Ended March 31, 2021 $**	**Quarter Ended December 31, 2020 $**	**Quarter Ended September 30, 2020 $**

Revenue	27,838	-	-	-
Operating Expense	(740,468)	(5,205,476)	(1,633,530)	(1,644,746)
Net loss	(1,856,804)	(4,480,323)	(1,562,505)	(1,831,946)
Comprehensive loss	(1,856,804)	(4,480,323)	(1,562,505)	(1,831,946)
Basic and diluted loss per share, basic and diluted	(0.03)	(0.08)	(0.04)	(0.05)

Activities for the fourth quarter ended June 30, 2022 were minimal at $68,807 (2021 – 740,468) and expenses pertained largely to professional fees for the Change of Business. There was also an offsetting gain relating to the fair value of the liability reducing as the related financial instrument nears expiry. The prior year expenses related to advertising and marketing, consulting and payroll, professional fees, which related to the Company's pursuit of a Regulation A Financing and expansion into the US. The Company also recognized a gain of $651,970 in Q3 2021 relating to debt settlement.

Activities for the quarter ended March 31, 2022, the Company's main expenditures related to professional and consulting fees relating to the wind-up of the Company's subsidiaries. The quarter ended March 31, 2022 included share-based payments related to the RSU grant in January with the remaining professional and consulting fees relating to the pursuit of the Regulation A Financing.

Activities for the quarter ended December 31, 2021, the Company's main expenditures related to professional and consulting fees relating to the wind-up of the Company's subsidiaries. For the quarter ended December 31, 2020, the Company's general operations, advertising and marketing, and professional fees relating to the disposal of NVPR and Project 1493.

For the quarter ended September 30, 2021, the Company was not able to meet the requirements of a US financing and proceeding with cost-saving strategies, focusing on its cannabis operations. In 2020, the Company's main activities were working with legal counsel to dispose of NVPR and Project 1493.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2022, the Company had cash of $nil and $233,938 in amounts receivable. The Company had a working capital deficit of $1,628,667 (June 30, 2021 – $1,330,414).

During the year ended June 30, 2022, the Company received cash of $1,247,200 pursuant to private placements.

Subsequent to June 30, 2022, the Company completed a private placement for $1,400,000 through the issuance of 14,000,000 units of the Company at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant with a strike price of $0.12, expiring September 1, 2024.

If additional funds are required, the Company plans to raise capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements.

Operating Activities

The Company used cash of $1,168,636 in operating activities from continuing operations during the year June 30, 2022.

Investing Activities

The Company had no investing activities during the year ended June 30, 2022.

Financing Activities

The Company received cash of $1,252,451 from financing activities during the year ended June 30, 2022. Financing activities primarily consisted of $1,247,200 received from private placements.

CHANGES IN ACCOUNTING POLICIES

With the exception of the recently adopted accounting policies, the management discussion and analysis has been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statement for the fiscal year ended June 30, 2021, filed March 25, 2022.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements other than those disclosed under Transactions in Progress.

RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are the directors and officers of the Company. Management compensation transactions for the years ended June 30, 2022 and 2021 is summarized as follows:

		2022		2021
Management fees	$	365,612	$	772,673
Consulting fees		49,506		-
Share-based payments		-		1,724,896
Total	**$**	**415,118**	**$**	**2,497,569**

As at June 30, 2022, $1,198,568 (2020 - $477,424) is owed to directors and officers of the Company for unpaid fees and expenses paid on behalf of the Company.

During the year ended June 30, 2022, the Company accrued $34,000 (2021 - $190,500) included in management fees to the CEO and Director of the Company pursuant to CEO and director services provided.

During the year ended June 30, 2022, the Company accrued $140,000 (2021 - $150,000) included in management fees to the CFO of the Company pursuant to CFO services provided.

During the year ended June 30, 2022, the Company accrued $144,000 (2021 - $300,000) included in management fees to a director of the Company pursuant to director services provided.

During the year ended June 30, 2021, the Company accrued $47,612 (2021 - $96,173) included in management fees to a director of the Company pursuant to President and Director services provided. $40,506 was included in consulting fees in 2022 relating to consulting work performed on Vendco.

During the year ended June 30, 2022, the Company paid $9,000 (2021 - $36,000) included in consulting fees to the Corporate Secretary and Director and of the Company pursuant to corporate secretary and director services provided.

During the year ended June 30, 2021, the Company issued 1,500,000 RSUs to directors and officers of the Company with a fair value of $1,035,000.

Subsequent to June 30, 2022, the Company settled $599,284 through the issuance of 5,992,839 common shares of the Company with a fair value of $599,284. Of this, 2,751,589 common shares with a fair value of $275,159 was issued to a director of the Company, 2,753,750 common shares with a fair value of $275,375 were issued to the CFO of the Company, and 487,500 common shares with a fair value of $48,750 issued to the President and Director of the Company.

During the year ended June 30, 2021, 1,250,000 stock options were issued to directors and officers and vested. Share-based compensation of $nil was recognized.

November 27, 2020, the Company withdrew its interests in NVPR in substance transferring them to the CEO of the Company.

During the year ended June 30, 2021, $30,835 was paid in interest relating to a convertible debenture to a director of the Company.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks which are discussed in detail in Note 3 of the Company's consolidated financial statements for the year ended June 30, 2022.

SUBSEQUENT EVENTS

See Transactions in Progress.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

Subsequent to June 30, 2022, the Company completed a 2:1 share consolidation. All shares are stated post-consolidation in these consolidated financial statements.

Common shares issued and outstanding as at June 30, 2022 are 56,233,694.

Share Purchase Warrants

As of the date of this MDA, 21,181,311 warrants were outstanding (June 30, 2022 - 8,833,919), with a weighted average remaining life of the outstanding warrants being 1.57 years:

Expiry date	Warrants		Exercise Price
December 21, 2023	15,625	$	30.00
January 21, 2024	19,230		49.00
March 1, 2024	75,000		50.00
May 30, 2024	9,459		50.00
May 30, 2024	18,918		50.00
June 13, 2024	2,702		50.00
January 18, 2023	1,843,710		US 0.68
November 29, 2023	5,196,667		0.30
September 1, 2024	14,000,000		0.12
Balance	**21,181,311**	**$**	**0.53**

Stock Options

As at the date of this MDA, the Company had 1,897,500 (June 30, 2022 – 1,897,500) options outstanding with expiry dates as follows:

			Outstanding and exercisable	
Expiry date	Options		Exercise price	Remaining contractual life (years)
January 12, 2025	1,147,500	$	1.80	2.53
January 12, 2026	750,000		1.78	3.53
Balance	**1,897,500**	**$**	**1.80**	**2.93**

Restricted Share Rights

As at the date of this MDA, the Company had 1,787,500 (2021 – 1,837,500) restricted share rights outstanding and exercisable.

An investment in the Common Shares should be considered highly speculative due to the nature of the Company's

business and the present stage of development. An investment in the Common Shares should only be made by knowledgeable and sophisticated investors who are willing to risk and can afford the loss of their entire investment and who are able to understand the unique nature and risks of the Company and mining. Potential investors should consult with their professional advisors to assess an investment in the Company. In evaluating the Company and its business, investors should carefully consider, in addition to other information contained in this Listing Statement, the risk factors below. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with its operations.

The following are certain factors relating to the Company's business, which prospective investors should carefully consider before deciding whether to purchase Common Shares. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information set out elsewhere in this Listing Statement. These risks and uncertainties are not the only ones the Company is facing. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also impair operations. If any such risks actually occur, the business, financial condition, liquidity and results of operations could be materially adversely affected.

Risks Related to the Transaction

Uncertainty related to the Transaction and Change of Business

Completion of the Transaction and Change of Business is subject to a number of conditions, certain of which are outside the control of the Company, including, without limitation, receipt of CSE Approval. There can be no assurance that these conditions will be satisfied or, if satisfied, when they will be satisfied or that the Transaction and the Change of Business will be completed as currently contemplated, or at all. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a material adverse effect on the business and affairs of the Company or the trading price of the Common Shares.

Possible termination of the Property Option Agreement

Each of the Company and the Optionor has the right to terminate the Property Option Agreement and the Transaction in certain circumstances. Accordingly, there is no certainty, nor can the parties to the Property Option Agreement provide any assurance, that the Property Option Agreement will not be terminated by either the Company or the Optionor before the completion of the Transaction. See *Section 2. Corporate Structure - Section 2.4. Change Of Business - Terms of the Property Option Agreement for the Rose Property*.

Risks Related to the Company

There is substantial doubt about whether the Company can continue as a going concern

The Company's ability to continue as a going concern is dependent on raising capital to fund its business plans and ultimately to attain profitable operations. However, there is no assurance that the Company will be successful in raising such capital. Accordingly, there is substantial doubt as to whether the Company's existing cash resources and working capital are sufficient to enable the Company to continue its operations as a going concern. Ultimately, in the event that the Company cannot obtain additional financial resources, or achieve profitable operations, the Company may have to liquidate its business interests and investors may lose their investment. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. Continued operations are dependent on the Company's ability to obtain additional financial resources or generate profitable operations. Such additional financial resources may not be available or may not be available on reasonable terms. The Company's financial statements do not include any adjustments that may result from the outcome of this uncertainty. Such adjustments could be material.

Negative cash flow from operating activities

The Company incurs negative cash flow from operating activities and there is no assurance that the Company will operate profitably or will generate positive cash flow. Upon completion of the Change of Business, the Company will focus its operations on the exploration of the Rose Property, which is in the exploration stage and there are no known mineral resources or mineral reserves and the proposed exploration programs on the Rose Property are exploratory in nature. Significant capital investment will be required to achieve commercial production from the Rose Property. There is no assurance that the Rose Property will generate earnings, operate profitably or provide a return on investment in the future. Accordingly, the Company will be required to obtain additional financing in order to meet its future cash commitments.

The Company's operations may be disrupted, and its financial results may be adversely affected, by global outbreaks of contagious diseases, including the novel coronavirus (COVID-19) pandemic

Global outbreaks of contagious diseases, including the December 2019 outbreak of COVID-19 have the potential to significantly and adversely impact the Company's operations and business. On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic. Pandemics or disease outbreaks such as the currently ongoing COVID-19 outbreak may have a variety of adverse effects on the Company's business, including by depressing commodity prices and the market value of the Company's securities and limiting the ability of the Company's management to meet with potential financing sources. The spread of COVID-19 has had, and continues to have, a negative impact on the financial markets, which may impact the Company's ability to obtain additional financing in the near term.

The Company may have difficulty meeting its current and future capital requirements

Pursuant to the Transaction, the Company is required to incur cumulative exploration expenditures on the Property of \$360,000 over the two year option period in order to maintain the Option. As of the date hereof, the Company has incurred nil of these expenditures. If the Company elects to exercise the Option, the Company is required to pay an aggregate of \$170,000 (of which \$90,000 has been paid as of the date hereof). In addition, the Company must have sufficient funds to pay general and administrative expenses and conduct other exploration activities. If the Company is unable to fund these amounts by way of financings, including public or private offerings of equity or debt securities, the Company will need to reorganize or significantly reduce the Company's operations, which may result in an adverse impact on the Company's business, financial condition and exploration activities. If the Company is unable to fund the amounts specified under the Option, the Company may lose its ability to acquire the Rose Property. The Company does not have a credit, off-take or other commercial financing arrangement in place that would finance continued evaluation or development of the Rose Property, and the Company believes that securing credit for this project may be difficult. Moreover, equity or debt financing may not be available on attractive terms and, if available, will likely result in significant dilution to existing Shareholders.

The Company, upon completion of the Change of Business, will be an exploration stage mining company with no history of operations in the mineral exploration industry

Upon completion of the Change of Business, the Company will become an exploration stage enterprise engaged in mineral exploration. The Company does not currently have any operations in the mineral exploration and development industry and, therefore, the Company has very limited operating history and is subject to all the risks inherent in a new business enterprise. As an exploration stage company, upon the completion of the Change of Business, the Company may never enter the development and production stages. The Company has not generated any revenues from operating activities in the mineral exploration and development industry and will rely upon equity financing to fund its operations. The likelihood of the Company's success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with an exploration stage business, and the competitive and regulatory environment in which the Company will operate, such as under-capitalization, personnel limitations, and limited financing sources.

No known mineral reserves or mineral resources

There are no known bodies of commercial minerals on the Rose Property. The exploration programs proposed for the Rose Property constitute an exploratory search for mineral resources and mineral reserves. There is no assurance that the Company will be successful in its search for mineral resources and mineral reserves. Further, there is no assurance that any mineral deposits the Company may identify on the Rose Property will qualify as an ore body that can be legally and economically exploited or that any particular level of recovery of minerals from discovered mineralization will in fact be realized. Most exploration projects do not result in the discovery of commercially mineable ore deposits. Even if the presence of reserves is established at a project, the legal and economic viability of the project may not justify exploitation.

The Company's business plan is highly speculative, and its success largely depends on the successful exploration of the mineral claims comprising the Rose Property

Upon completion of the Change of Business, the Company's business plan will be focused on exploring the Rose Property to identify mineral resources and mineral reserves and, if appropriate, to ultimately develop the Rose Property. There are no known mineral resources on the Rose Property, and thus, the Company has not established any reserves and remains in the exploration stage. The Company may never enter the development or production stage. Exploration of mineralization and determination of whether the mineralization might be extracted profitably is highly speculative, and it may take a number of years until production is possible, during which time the economic viability of the project may change. Substantial expenditures are required to establish reserves, extract metals from ore and construct mining and processing facilities.

The Rose Property is subject to all of the risks inherent in mineral exploration and development. The economic feasibility of any mineral exploration and/or development project is based upon, among other things, estimates of the size and grade of mineral resources and mineral reserves, proximity to infrastructures and other resources (such as water and power), anticipated production rates, capital and operating costs, and metals prices. To advance from an exploration project to a development project, the Company will need to overcome various hurdles, including completing favorable feasibility studies, securing necessary permits, and raising significant additional capital to fund activities. There can be no assurance that the Company will be successful in overcoming these hurdles.

The Company is uncertain that it will be able to maintain sufficient cash to accomplish its business objectives

The Company is not engaged in any revenue producing activities, and the Company does not expect to be in the near future. Currently, the Company's potential sources of funding consist of the sale of additional equity or debt securities, entering into joint venture agreements or selling a portion of the Company's interests in its assets. There is no assurance that any additional capital that the Company will require will be obtainable on terms acceptable to it, if at all. Failure to obtain such additional financing could result in delays or indefinite postponement of exploration of the Rose Property. Additional financing, if available, will likely result in substantial dilution to existing Shareholders.

The Company's exploration activities, upon completion of the Change of Business, will require significant amounts of capital that may not be recovered

Mineral exploration activities are subject to many risks, including the risk that no commercially productive or extractable resources will be encountered. There can be no assurance that the Company's activities, upon completion of the Change of Business, will ultimately lead to an economically feasible project or that the Company will recover all or any portion of is investment. Mineral exploration often involves unprofitable efforts, including drilling operations that ultimately do not further exploration efforts. The cost of mineral exploration is often uncertain, and cost overruns are common. The Company's drilling and exploration operations, upon completion of the Change of Business, may be curtailed, delayed or canceled as a result of numerous factors, many of which are beyond the Company's control, including title problems, weather conditions, protests, compliance with governmental requirements, including permitting issues, and shortages or delays in the delivery of equipment and services.

The Company's success will depend on developing and maintaining relationships with local communities and other stakeholders

Upon completion of the Change of Business, the Company's success will depend on developing and maintaining productive relationships with the communities surrounding the Company's operations and other stakeholders in the Company's operating locations. Local communities and stakeholders can become dissatisfied with the Company's activities, which may result in legal or administrative proceedings, civil unrest, protests, direct action or campaigns against the Company. Any such occurrences could materially and adversely affect the Company's financial condition, results of operations and cash flows.

Compliance with laws is costly and may result in unexpected liabilities

The Company is subject to various laws and regulations in Canada. Upon completion of the Change of Business, these laws will include compliance with the *Extractive Sector Transparency Measures Act* (Canada), which requires companies to report annually on payments made to all levels of governments both in Canada and abroad. The Company is also required to comply with anti-corruption and anti-bribery laws, including the *Corruption of Foreign Public Officials Act* (Canada).

In addition, as a reporting issuer, the Company is subject to additional laws and regulations, compliance with which is both time consuming and costly. If the Company and/or its business are subject to an enforcement action or are found to be in violation of any such laws, this may result in significant penalties, fines and/or sanctions which could have a material adverse effect on the Company, which could cause a significant decline in the value of the Common Shares.

The directors and officers may have conflicts of interest with the Company

Certain directors and officers of the Company are or may become associated with other mining and/or mineral exploration and development companies which may give rise to conflicts of interest, upon completion of the Change of Business. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve such a contract. In addition, directors and officers are required to act honestly and in good faith with a view to the best interests of the Company. Some of the directors and officers of the Company have either other full-time employment or other business or time restrictions placed on them and accordingly, the Company will not be the only business enterprise of these directors and officers. Further, any failure of the directors or officers of the Company to address these conflicts in an appropriate manner or to allocate opportunities that they become aware of to the Company could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The Company may be subject to costly and unpredictable legal proceedings

The Company may be subject to numerous regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal. There can be no assurance that these matters will not have a material adverse effect on the Company's business.

The Company is exposed to information systems and cyber security risks

The Company's information systems (including those of any of its counterparties) may be vulnerable to the increasing threat of continually evolving cybersecurity risks. Unauthorized parties may attempt to gain access to these systems or the Company's information through fraud or other means of deception. The Company's operations depend, in part, on how well the Company and its counterparties protect networks, equipment, information technology systems and software against damage from threats. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations. There can be no assurance that the Company or its counterparties will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cybersecurity and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain an area of attention.

Reliance upon key personnel

Presently, the Company utilizes outside consultants, and in large part rely on the efforts of its officers and directors. The Company's success will depend, in part, upon the ability to attract and retain qualified personnel.

The Company faces general risks in respect of its option and joint venture agreements

The Company has and may continue to enter into option agreements and/or joint ventures as a means of acquiring property interests. Any failure of any partner to meet its obligations to the Company or other third parties, or any disputes with respect to third parties' respective rights and obligations could have a material adverse effect on the Company's rights under such agreements. Furthermore, the Company may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements, and the result may be a materially adverse impact on the strategic value of the underlying mineral claims.

The Company may, upon completion of the Change of Business, expand into other geographic areas, which could increase the Company's operational, regulatory and other risks

Upon completion of the Change of Business, the Company's exploration activities will be in Canada, however, the Company may in the future expand into other geographic areas, which could increase the Company's operational, regulatory, compliance, reputational and foreign exchange rate risks. The failure of the Company's operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions. Future international expansion could require the Company to incur a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. The Company may not be able to successfully identify suitable acquisition and expansion opportunities, or integrate such operations successfully with the Company's existing operations.

Risks Relating to the Mineral Exploration Industry

There are inherent risks in the mineral exploration industry

Upon completion of the Change of Business, the Company will be subject to all of the risks inherent in the minerals exploration industry, including, without limitation, the following:

- the Company will be subject to competition from a large number of companies, most of which are significantly larger than the Company are, in the acquisition, exploration, and development of mining properties;
- the Company might not be able raise enough money to pay the fees and taxes and perform the labour necessary to maintain its concessions in good status;
- exploration for minerals is highly speculative, involves substantial risks and is frequently unproductive, even when conducted on properties known to contain significant quantities of mineralization, and the Company's exploration at the Rose Property may not result in the discovery of commercially mineable deposits of ore;
- the Company's operations will be subject to a variety of existing laws and regulations relating to exploration and development, permitting procedures, safety precautions, property reclamation, employee health and safety, air quality standards, pollution and other environmental protection controls, and the Company may not be able to comply with these regulations and controls; and
- a large number of factors beyond the Company's control, including fluctuations in metal prices, inflation, and other economic conditions, will affect the economic feasibility of mining.

Metals prices are subject to extreme fluctuation

Upon completion of the Change of Business, the Company's activities will be influenced by the prices of commodities, including, without limitation, precious and base metals. These prices fluctuate widely and are affected by numerous factors beyond the Company's control, including interest rates, expectations for inflation, speculation, currency values, global and regional demand, political and economic conditions and production costs in major metal-producing regions of the world.

The Company's ability to establish mineral resources and mineral reserves through its exploration activities, the Company's future profitability and its long-term viability will depend, in large part, on the market prices of precious and base metals.

The market prices for these metals are volatile and are affected by numerous factors beyond the Company's control, including:

- global or regional consumption patterns;
- supply of, and demand for these metals;
- speculative activities and producer hedging activities;
- expectations for inflation;
- political and economic conditions; and

- supply of, and demand for, consumables required for production.

Future weakness in the global economy could increase volatility in metals prices or depress metals prices, which could in turn reduce the value of the Rose Property, make it more difficult to raise additional capital, and make it uneconomical for the Company to continue its exploration activities.

The Company's operations, upon completion of the Change of Business, will require additional permits from various governmental authorities

Upon completion of the Change of Business, the Company's operations will be governed by laws and regulations governing prospecting, mineral exploration, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety, mining royalties and other matters. There can be no assurance that the Company will be able to acquire all required licenses, permits or property rights on reasonable terms or in a timely manner, or at all, that such terms will not be adversely changed, that required extensions will be granted, or that the issuance of such licenses, permits or property rights will not be challenged by third parties.

Title to the Company's properties may be challenged or defective

The Company attempts to confirm the validity of its rights of title to, or contract rights with respect to, the Rose Property and future acquired properties. However, the Company cannot guarantee that title to its properties will not be challenged. The Rose Property may be subject to prior unregistered agreements, interests or native land claims, and title may be affected by undetected defects. There may be valid challenges to the title of any of the claims comprising the Rose Property that, if successful, could impair possible development and/or operations with respect to the Rose Property in the future. Challenges to permits or property rights (whether successful or unsuccessful), changes to the terms of permits or property rights, or a failure to comply with the terms of any permits or property rights that have been obtained could have a material adverse effect on the Company's business by delaying or preventing or making continued operations economically unfeasible.

A title defect could result in the Company losing all or a portion of its right, title, and interest to and in the Rose Property or any future acquired property to which the title defect relates. Title insurance generally is not available, and the Company's ability to ensure that it has obtained secure title to the Rose Property or any future acquired property or mining concessions comprising such properties may be severely constrained. In addition, the Company may be unable to operate the Rose Property as permitted or to enforce its rights with respect to the Rose Property.

The Company, upon completion of the Change of Business, will be subject to complex environmental and other regulatory risks, which could expose it to significant liability and delay and potentially the suspension or termination of its exploration efforts

Upon completion of the Change of Business, the Company's mineral exploration activities will be subject to federal, provincial and local environmental regulations in Canada. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. No assurance can be given that environmental standards imposed by the government of Canada will not be changed, thereby possibly materially adversely affecting the Company's proposed activities. Compliance with these environmental requirements may also necessitate significant capital outlays or may materially affect the Company's earning power.

Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees.

Future changes in environmental regulations in Canada may adversely affect the Company's exploration activities, make them prohibitively expensive, or prohibit them altogether. Environmental hazards may exist on the properties in which the Company currently hold interests, or may hold interests in the future, that are unknown to the Company at present and that have been caused by the Company or previous owners or operators, or that may have occurred naturally. The Company may be liable for remediating any damage that the Company may have caused. The liability could include costs for removing or remediating the release and damage to natural resources, including ground water, as well as the payment of fines and penalties.

The mineral exploration and development industry is highly competitive, attractive mineral properties and property concessions are scarce, and the Company may not be able to obtain quality properties or concessions

Upon completion of the Change of Business, the Company will compete with other mining and exploration companies in the acquisition of mineral properties and property concessions. There is competition for a limited number of attractive mineral property acquisition opportunities, some of which is with other companies having substantially greater financial resources, staff and facilities than the Company does. As a result, the Company may have difficulty acquiring quality mineral properties or property concessions.

The Company's operations, upon completion of the Change of Business, will be subject to various hazards

Upon completion of the Change of Business, the Company will be subject to risks and hazards, including environmental hazards, possible encounters with unusual or unexpected geological formations, cave-ins, flooding and earthquakes, and periodic interruptions due to inclement or hazardous weather conditions. These occurrences could result in damage to, or the destruction of, mineral properties or future production facilities, personal injury or death, environmental damage, delays in the Company's exploration activities, asset write-downs, monetary losses and possible legal liability. The Company may not be insured against all losses or liabilities, either because such insurance is unavailable or because the Company has elected not to purchase such insurance due to high premium costs or other reasons. The realization of any significant liabilities in connection with the Company's activities as described above could negatively affect the Company's activities.

Social and environmental activism can negatively impact exploration, development and mining activities

There is an increasing level of public concern relating to the effects of mining on the natural landscape, on communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations (**"NGOs**") who oppose resource development can be vocal critics of the mining industry. In addition, there have been many instances in which local community groups have opposed resource extraction activities, which have resulted in disruption and delays to the relevant operation. While, upon completion of the Change of Business, the Company will aim to operate in a socially responsible manner and develop relationships with local communities in the regions in which it will operate, NGOs or local community organizations could direct adverse publicity against and/or disrupt the operations of the Company in respect of the Rose Property or any future acquired property, regardless of its successful compliance with social and environmental best practices, due to political factors, activities of unrelated third parties on lands in which the Company has an interest or the Company will operate specifically. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company or its relationships with the communities in which it will operate, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Risks Relating to the Common Shares

Investors may lose their entire investment

An investment in the Common Shares is speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high risk investments and who can afford to lose their entire investment should consider an investment in the Company. The Company has no history of profits, limited cash reserves, a limited operating history in the mineral exploration and development industry, has not paid dividends, and is unlikely to pay dividends in the immediate or near future. The likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business.

An active and liquid market for the Common Shares may not develop upon completion of the Change of Business

Currently, the Company's Common Shares are listed on the CSE, and upon completion of the Change of Business it is anticipated that the Common Shares will continue to be listed on the CSE under the trading symbol "REC"; however, there can be no assurance that an active and liquid market for the Common Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company. If a market does not develop or is not sustained, it may be difficult for investors to sell the Common Shares at an attractive price or at all. The Company cannot predict the prices at which the Common Shares will trade.

Further equity financings may lead to the dilution of the Company's common stock

In order to finance future operations, the Company may raise funds through the issuance of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares. The Company cannot predict the size of future issuances of Common Shares or the size and terms of future issuances of debt instruments or other securities convertible into Common Shares or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares. Any transaction involving the issuance of previously authorized but unissued shares, or securities convertible into Common Shares, would result in dilution, possibly substantial, to present and prospective security holders. Demand for equity securities in the mining industry has been weak; therefore, equity financing may not be available on attractive terms and, if available, will likely result in significant dilution to existing shareholders.

CSE Listing

If the Company fails to complete the Change of Business, the liquidity for the Common Shares would be significantly impaired, which may substantially decrease the value of the Common Shares.

In addition, in the future, the Company's Common Shares may fail to meet the continued listing requirements to be listed on the CSE. If the CSE delists the Common Shares from trading on its exchange, the Company could face material adverse consequences, including: a limited availability of market quotations for the Common Shares; a determination the Common Shares are a "penny stock" which will require brokers trading in the Common Shares to more stringent rules and possibly resulting in a reduced level of trading activity in the secondary market for the Common Shares; a limited amount of news and analysts coverage for the Company; and a decreased ability to issue additional securities or obtain additional financing in the future.

Risks associated with evolving corporate governance and public disclosure regulations

The Company is subject to changing rules and regulations promulgated by the Canadian governmental and self-regulated organizations, including the Canadian Securities Administrators, the CSE or such other exchange or marketplace on which the Company's securities are listed or trade, and the Financial Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity making compliance more difficult and uncertain. The Company's efforts to comply with these and other new and existing rules and regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

No dividends are anticipated

At the present time, the Company does not anticipate paying dividends, cash or otherwise, on its Common Shares in the foreseeable future. Future dividends will depend on the Company's earnings, if any, the Company's financial requirements and other factors. There can be no assurance that the Company will pay dividends.

Equity securities are subject to trading and volatility risks

The trading price of the Common Shares may be subject to wide fluctuations in response to announcements of the Company's business developments, results and progress of the Company's exploration activities at the Rose Property, progress reports on the Company's exploration activities, and other events or factors. In addition, stock markets have experienced significant price volatility in recent months and years. This volatility has had a substantial effect on the share prices of companies, at times for reasons unrelated to their operating performance. These fluctuations could be in response to: (i) volatility in metal prices; (ii) political developments; and (iii) news reports relating to trends in the Company industry or general economic conditions. These broad market and industry fluctuations may adversely affect the price of the Common Shares, regardless of the Company's operating performance.

The Company cannot make any predictions or projections as to what the prevailing market price for the Common Shares will be at any time, including as to whether the Company's common stock will achieve or remain at levels at or near its offering price, or as to what effect the sale of shares or the availability of Common Shares for sale at any time will have on the prevailing market price.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR at http://www.sedar.com.

BOARD APPROVAL

The board of directors of the Company has approved this MD&A.