# SPEY RESOURCES CORP.
**Management Discussion and Analysis**
**For the three and six months ended May 31, 2021**

The Management Discussion and Analysis ("MD&A"), prepared July 28, 2021 should be read in conjunction with the interim financial statements and notes thereto for the three and six months ended May 31, 2021 and the notes thereto of Spey Resources Corp. ("Spey Resources") which were prepared in accordance with International Financial Reporting Standards.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## DESCRIPTION OF BUSINESS

Spey Resources Corp. ("the Company") was incorporated on July 31, 2017 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 3500 – 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1L3, Canada.

The Company completed its initial public offering ("IPO") and the common shares of the Company commenced trading on the Canadian Securities Exchange under the symbol "SPEY" on August 24, 2018 (the "Listing").

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at May 31, 2021, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

In March 2020, there was a global outbreak of COVID-19, which continues to rapidly evolve. The extent to which the COVID-19 coronavirus may impact the Company will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, social distancing, business closures or business disruptions, and the effectiveness of actions taken by countries to contain and treat the disease.

## EXPLORATION AND EVALUATION ASSET

| | Silver Basin Property | Kaslo Silver Property | Tech One Lithium | Total |
|---|---|---|---|---|
| **Acquisition cost** | | | | |
| Balance, November 30, 2020 | 17,500 | - | - | 17,500 |
| Additions | - | 305,022 | 6,187,735 | 6,492,757 |
| **Balance, May 31, 2021** | **17,500** | **305,022** | **6,187,735** | **6,510,257** |
| | | | | |
| **Exploration and evaluation cost** | | | | |
| Balance, November 30, 2020 | 30,726 | - | - | 30,726 |
| Additions | - | 1,346 | - | 1,346 |
| **Balance, May 31, 2021** | **30,726** | **1,346** | **-** | **32,071** |
| | | | | |
| Balance, November 20, 2020 | 48,226 | - | - | 48,226 |
| **Balance, May 31, 2021** | **48,226** | **306,368** | **6,187,735** | **6,542,328** |

### Silver Basin Property

Pursuant to an option agreement (the "SB Agreement") dated July 30, 2020, the Company was granted an option to acquire a 100% interest from in the Silver Basin Property (the "SB Property") located in the Revelstoke Mining Division, of southern British Columbia.
Under the terms of the Agreement, the Company has the option to acquire an undivided 100% interest in and to the SB Property, free and clear of all liens, charges, encumbrances, claims, rights or interest of any person, with the exception of a 2.0% Net Smelter Return ("NSR") payable to the Vendor. The Option is exercisable by the Company:

a) paying an aggregate $386,000 as follows:

- i) $6,000 upon signing; (paid)
- ii) an additional $20,000 on or before July 1, 2021;
- iii) an additional $80,000 on or before July 1, 2022;
- iv) an additional $80,000 on or before July 1, 2023;
- v) an additional $200,000 on or before July 1, 2024; and

b) incurring $10,000 work expenditure on the Property before October 30, 2020; (completed) and

c) issuing an aggregate 2,000,000 common shares as follows:

- i) 100,000 shares on approval of the Option by the CSE (issued);
- ii) an additional 200,000 shares on or before July 1, 2021;
- iii) an additional 200,000 shares on or before July 1, 2022;
- iv) an additional 500,000 shares on or before July 1, 2023;
- v) an additional 1,000,000 shares on or before July 1, 2024.

Upon commencement of commercial production, and subject to Exchange policies in effect at the time, the Company shall issue an additional 1,000,000 common shares in the Company. At such time, the SB Property will also be subject to the underlying NSR. The Company is entitled, at any time, to purchase 80% of the NSR by making a single payment of $2,000,000 to the Property vendors.

**Kaslo Silver Property**

Effective February 26, 2021, the Company purchased 100% of the issued and outstanding shares of Tay Resources Corp. (“Tay”). Total consideration was paid through the of issuance of 2,000,000 common shares with a value of $300,000.

The acquisition has been accounted for by the Company as a purchase of assets and assumption of liabilities. The acquisition did not qualify as a business combination under IFRS 3 - Business Combinations, as the significant inputs, processes and outputs, that together constitute a business, did not exist in Tay at the time of acquisition.

The following table summarizes the preliminary purchase price allocation:

| **Purchase price:** | $ |
|---|---|
| Shares paid by the Company (2,000,000 shares at $0.15 per share) | 300,000 |
| **Total consideration** | **300,000** |
| | |
| **Net assets acquired:** | |
| Exploration and evaluation assets – Kaslo Silver Property | 294,140 |
| Cash | 1,030 |
| Receivables | 4,830 |
| **Total net assets acquired** | **300,000** |

Tay owns an option (the "Option") to acquire an undivided 100% interest in and to the Kaslo Silver Property (the "Kaslo Silver Property"), located 12 kilometres west of Kaslo in southern British Columbia. Adding the Kaslo Silver Property to Spey's portfolio provides the Company with a second highly prospective silver and base metal property.

Pursuant to the agreement between the parties, as a condition precedent to the Transaction, Spey, Tay and the Denny’s have entered into an assignment, assumption and amending agreement (the “Assignment Agreement”) pursuant to which Tay will assign its rights and obligations under the Option to Spey.

In order to exercise the Option, the Company must:

Make cash payments to the totaling $310,000 as follows: (a) $30,000 payable on or before August 31, 2021; (b) $70,000 payable on or before August 31, 2022; (c) $100,000 payable on or before August 31, 2023; and (d) $110,000 payable on or before August 31, 2024;

Issue to an aggregate of 236,547 common shares of the Company as follows: (a) 78,849 common shares on or before August 31, 2021; (b) 78,849 common shares on or before August 31, 2022; and (c) 78,849 common shares on or before August 31, 2023; and issue an additional 131,415 common shares upon the commencement of commercial production at the Kaslo Silver Property.

Upon commencement of commercial production at the Kaslo Silver Property, the Kaslo Silver Property will be subject to 2.5% net smelter return royalty. All securities issuable in connection with the Option are subject to a statutory hold period expiring four months and a day from the date of issue.

**Acquisition of Tech One Lithium Resources Corp.**

On April 26, 2021, the Company announced that it has entered into a Share Purchase Agreement dated as of April 23, 2021 (the “Share Purchase Agreement” or “SPA”) with the shareholders (the “Vendors”) of Tech One Lithium Resources Corp. (“Tech One”), under which Spey has purchased all of Tech One’s issued and outstanding shares. As consideration for Spey’s purchase of the Tech One shares, Spey issued an aggregate of 23,500,000 shares (“Shares”) to the Vendors.

| **Purchase price:** | $ |
|---|---|
| Shares paid by the Company (23,500,000 shares at $0.29 per share) | 6,815,000 |
| **Total consideration** | **6,815,000** |
| | |
| **Net assets acquired:** | |
| Exploration and evaluation assets – Tech One Lithium Property | 6,187,735 |
| Cash | 627,265 |
| **Total net assets acquired** | **6,815,000** |

TechOne has the option to acquire 100% of the mineral concessions of the Candella II project located within the prolific Lithium Triangle, in the Salta Province of Argentina. Candella II covers 300 hectares, is represented by the mineral claim number 23262 located in the Incahuasi Salar and is road accessible.

TechOne has optioned the project from AIS Resources Corp. under an amended and restated exploration joint venture agreement (the "Option Agreement") dated April 21, 2021, between TechOne and AIS. AIS's management team, headed by Phillip Thomas, will be managing the project pursuant to the Option Agreement. AIS has a combined experience of over 35 years in lithium brine projects.

TechOne can option 80% of Candela II by making the following schedule of payments and expenditures under the Option Agreement:

- US $100,000 payment within 5 business days of signing the Option Agreement (PAID).
- US $100,000 payment within 5 business days before September 18, 2021;
- US $1,000,000 payment in within 5 business days before March 18, 2022; and
- US $500,000 in exploration or production expenditures by no later than April 21, 2022.

Upon TechOne successfully exercising the 80% TechOne shall have the right but not the obligation to exercise the remaining 20% from AIS by making the following payment(s) to AIS: US $6,000,000 on or before March 18, 2023, provided however that the amount of the 20% Payment shall be increased by an additional US $250,000 for each five tonnes of lithium metal equivalent by which the indicated or inferred resource estimate on the Concession at the time Tech One makes the 20% Payment exceeds 45 tonnes of lithium metal equivalent (239,000 tonnes of lithium carbonate).

## RESULTS OF OPERATIONS

The Company incurred a loss of $813,415 during the six months ended May 31, 2021 (May 31, 2020: $74,361) due to expense incurred by the Company as follows:

| | Six months ended May 31, 2021 | Six months ended May 31, 2020 |
|---|---|---|
| | $ | $ |
| Operating expenses | | |
| Advertising and promotion | 459,361 | 4,719 |
| Management and consulting fees | 170,792 | 33,600 |
| Office and miscellaneous | 61,285 | 1,427 |
| Professional fees | 14,489 | 22,102 |
| Rent | - | 3,000 |
| Transfer agent and filing fees | 8,288 | 9,513 |
| Stock based compensation | 99,200 | - |
| NET LOSS AND COMPREHENSIVE LOSS | 813,415 | 74,361 |

## SUMMARY OF QUARTERLY RESULTS

Selected information derived from the Company's interim financial statements for the past eight quarters is as follows:

**($000's except earnings per share)**

| | May 31, 2021 | February 28, 2021 | November 30, 2020 | August 31, 2020 | May 31, 2020 | February 28, 2020 | November 30, 2019 | August 31, 2019 |
|---|---|---|---|---|---|---|---|---|
| **Total Revenues** | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| **(Loss) income and comprehensive (loss) income** | (799) | (14) | (32) | (171) | (48) | (26) | (310) | (69) |
| **Total assets** | 9,660 | 614 | 318 | 139 | 156 | 168 | 134 | 282 |
| **Working Capital (Deficit)** | 3,061 | 240 | 248 | 73 | (25) | 25 | (12) | 16 |
| **Long-term liabilities** | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| **Loss per share – basic and diluted** | (0.02) | (0.02) | (0.02) | (0.01) | - | - | (0.02) | (0.01) |

## LIQUIDITY AND CAPITAL RESOURCES

The Company's current assets are not sufficient to support the Company's general administrative and corporate operating requirements on an ongoing basis for the foreseeable future. Accordingly, further financing will be required and the Company will have to raise additional funds to continue its operations. Please see Overall Performance section with respect to the Company's financing plans.

### Liquidity Outlook

The Company's cash position is highly dependent on its ability to raise cash through financings. Based on the Company's financial position as at May 31, 2021, the Company will need to complete additional external financing either through equity, debt or other forms of financing. As other opportunities become available to the Company and subject to exploration work on the Company's project and results from such exploration program is determined, management may be required to complete additional financing.

This outlook is based on the Company's current financial position and is subject to change if opportunities become available based on exploration program results and/or external opportunities. At present, the Company's operations do not generate cash inflows and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control.

In order to finance the Company's future exploration programs and to cover administrative and overhead expenses, the Company will need to raise funds through equity sales, from the exercise of convertible securities, debt, deferral of payments to related parties, or other forms of raising capital. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company'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 exploration activities. Management believes it will be able to raise equity capital as required in the short and long term, but recognizes that there will be risks involved which may be beyond its control.

### Going Concern

The Company's consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations, and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception, has no recurring source of revenue and, as at May 31, 2021, had an accumulated deficit of $1,715,401 (November 30, 2020: $901,986). These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company will need to raise sufficient funds as the Company's current assets are not sufficient to finance its operations and administrative expenses. The Company is evaluating financing options including, but not limited to, the issuance of additional equity and debt. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company's performance (as measured by numerous factors including the progress and results of its projects), the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets.

The Company is required to make the scheduled payments of cash and shares detailed under the Silver Basin Property Section in order to keep the property option in good standing.

**Contractual Obligations**

The Company is subject to certain contractual obligations associated with the exploration and evaluation assets as discussed above. The Company has no other material and long-term contractual obligations.

**Significant Accounting Policies and Estimates**

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amounts of assets, liabilities, revenues and expenses. These estimates are based on historical experience and on various other assumptions that management believes to be reasonable under the circumstances and require judgment on matters which are inherently uncertain. Details of the Company's significant accounting policies can be found in Note 2 of the audited financial statements for the year ended November 30, 2021.

**New Accounting Standards**

The Company is aware of certain new accounting standards which are reasonably expected to have an impact on disclosures, financial position or performance when applied at a future date. Details of these changes can be found in Note 4 of the interim financial statements for the three and six months ended May 31, 2021.

**TRANSACTIONS WITH RELATED PARTIES**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. The following summarizes related party transactions for the six months ended May 31, 2021 and 2020:

| | **May 31, 2021** | **May 31, 2020** |
|---|---:|---:|
| | $ | $ |
| Management fees | 48,250 | 33,600 |
| Total | 48,250 | 33,600 |

As at May 31, 2021, included in accounts payable and accrued liabilities was $3,000 (May 31, 2020 - $10,850) due to management of the Company. The amount is unsecured, non-interest bearing and due on demand.

**Off Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

**Financial Instruments**

The Company's financial instruments consist of cash and accounts payable. Financial instruments are classified into one of the following categories: FVTPL, FVTOCI, or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

| Financial Instrument | Category | May 31, 2021 | November 30, 2020 |
|---|---|---|---|
| | | $ | $ |
| Cash | FVTPL | 2,446,792 | 262,432 |
| Accounts payable and accrued liabilities | Amortized cost | 432,343 | 22,011 |

The Company measures certain financial instruments and other items at fair value. To determine the fair value, the Company uses the fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use to value an asset or liability and are developed based on market data obtained from independent sources. Unobservable inputs are inputs based on assumptions about the factors market participants would use to value an asset or liability. The three levels of inputs that may be used to measure fair value are as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy.

The fair value of cash is measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of accounts payable approximate their respective carrying values because of their immediate or short-term nature.

*Fair value*

The fair value of the Company's financial instruments approximates their carrying value as at May 31, 2021 because of the demand nature or short-term maturity of these instruments.

*Financial risk management objectives and policies*

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

*Currency Risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

*Interest Rate Risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

*Credit Risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the risk, the Company places these instruments with a high-quality financial institution.

*Liquidity Risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

**Summary of Outstanding Share Data as of date of this MD&A**

Authorized: Unlimited number of common shares without par value.

Issued and outstanding: 62,931,500 common shares

Warrants: 9,194,500

Stock options: 1,164,000 priced at $0.10 and 1,050,000 priced at $0.105

**Subsequent Events**

On June 3, 2021, the Company announced that on March 18, 2021 its wholly owned subsidiary, Tech One Lithium Resources Corp. signed a facility fee agreement to have access to utilize the Ekosolve™ Lithium Solvent Exchange Extraction process that can efficiently manage the processing of the brines to produce lithium carbonate with a grade higher than 99.2% and a recovery of 97%, far exceeding any ion exchange or adsorption process available to date. Ekosolve™ is licensed to University of Melbourne, Australia.

On June 7, 2021, the Company announced that it has updated its website
to include more detailed information on its current portfolio of assets and increasing focus on lithium. The website contains a section outlining the Company's Salar de Incahuasi lithium brine

project in the prolific lithium triangle in Argentina. In addition, the new website will update visitors regarding Spey's corporate activities.

On June 9, 2021, the Company announced that it has completed the surface exploration and TEM geophysics at Salar de Incahuasi (the "Incahuasi Project" or "Incahuasi") in the Province of Salta, located approximately 45 kilometers from the township of Tolar Grande, Argentina.

On June 24, 2021, the Company announced that it has entered into an Option Agreement (the "Agreement") dated June 23, 2021 with A.I.S. Resources Ltd. ("AIS") for an Option (the "Option") to acquire a 100% interest in the Pocitos I and Pocitos II claims (the Property") located in Salta, Argentina.

On June 29, 2021, the Company announced that it has entered into an advertising and investor awareness campaign with Dig Media Inc. dba Investing News Network (INN). INN is a private company headquartered in Vancouver, Canada, dedicated to providing independent news and education to investors since 2007. For the 12 month term of the agreement, INN will provide advertising to increase awareness of the issuer. INN does not provide Investor Relations or Market Making services. The cost of the campaign is $36,000 payable in standard net 7 terms. INN currently does not hold any shares in Spey Resources Corp.

On June 30, 2021, the Company announced that its shareholders approved all resolutions at its Annual General Meeting of Shareholders (the "Meeting") held on June 29, 2021.

On July 7, 2021, the Company announced that that David Thornley-Hall has resigned from the board of directors and from the position of President to pursue other interests, effective July 05, 2021. Mr. Thornley-Hall had served as a director of the Company since 2019 and the Company thanks him for his service and wishes him the best in his future endeavors.

On July 14, 2021, the Company announced that it has completed the Transient Electro Magnetic ("TEM") survey at Incahuasi salar. The survey has identified at least two major aquifers.

On July 20, 2021, the Company announced that it has accepted a quotation from Amaru Mining Services and preparations are being made to commence drilling at the Incahuasi Salar, Argentina in the next three weeks.

On July 27, 2021, the Company announced that the lithium brine samples from the Incahuasi Salar, Argentina have been received by the University of Melbourne. There are three grades of brine to be processed.

Acquisition of Pocitos I and II

The Company entered into an Option Agreement (the “Agreement”) dated June 23, 2021 with A.I.S. Resources Ltd. (“AIS”) for an Option (the “Option”) to acquire a 100% interest in the Pocitos I and Pocitos II claims (the “Property”) located in Salta, Argentina.

Pursuant to an option agreement, AIS has an option (the “Underlying Option”) to acquire the Property from the current owners. Upon the exercise of the Underlying Option by AIS, the

Company will be able to exercise the Option and acquire a 100% interest in the Property from AIS by paying a total of US$1,732,000 prior to June 23, 2022.

In order to maintain the Option in good standing under the Agreement, the Company must immediately pay AIS a total of US$100,000 and issue 2,500,000 Spey common shares. In addition, the Company must complete a US$500,000 exploration program on the Property within the next 12 months. Upon exercise of the Option and Spey's acquisition of a 100% interest in the Property, AIS will retain a 7.5% royalty on the sales revenue of lithium carbonate or other lithium compounds from the Property, net of export taxes.