

**PROJECT ONE RESOURCES LTD**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS**  
**AND RESULTS OF OPERATIONS**  
**FOR THE THREE AND NINE-MONTH PERIODS ENDED MAY 31, 2021**

The following is management’s discussion and analysis (“MD&A”) of the financial condition and results of operations of Project One Resources Ltd. (the “Company”) for the three and nine-month periods ended May 31, 2021. This MD&A should be read in conjunction with the Company’s audited financial statements and the related notes contained therein for the years ended August 31, 2020 and 2019. The accompanying three and nine-month financial statements and related notes are management prepared but have been reviewed by our auditing firm. All figures are in Canadian dollars unless otherwise stated.

This MD&A has been reviewed by the Company’s Audit Committee and approved and authorized for issue by the Company’s Board of Directors on July 26, 2021. The information contained within this MD&A is current to the same date.

**Cautionary Notices Regarding Forward Looking Statements**

While the Company believes that the assumptions underlying any forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. The Company disclaims any intention or obligation to update or revise any forward-looking statement, whether it should be revised because of new information, future events or otherwise, unless required to do so by the applicable securities laws.

**OVERVIEW**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The impact of the COVID-19 pandemic has major implications for all economic activity, including that of the Company.

At this time, it is not possible to predict the magnitude of the adverse results of the outbreak and its effects on the Company’s business but believes that the COVID-19 Pandemic will likely have only a minimal impact on the Company’s activities, most notably in curtailment of travel and access to projects due to travel and social distancing restrictions. There is no material disruption to the Company’s current operations.

The Company was incorporated on March 22, 2018 in the Province of British Columbia, Canada by registration of its Incorporation Application and Notice of Articles pursuant to the BC Act. The Company's business and registered office address is located at Suite 1710–1177 West Hastings Street, Vancouver, British Columbia, V6E 2L3.

The Company’s common shares trade on the Canadian Stock Exchange (“CSE”) under the symbol PJO.

The Company’s primary business to date has been to identify, explore and develop opportunities in the resource sector through acquisition or joint venture. The Company’s current property is the Christa-Aura Property (the “Property”) situated in the New Westminster Mining Division in South Western British Columbia. The Company's objective is to explore and develop the property which consists of four map staked mineral claims comprising 1,950.5 hectares.

During 2020 and 2021, management has been assessing various other business opportunities besides mining, including the cybersecurity industry.

## History and Description of the Company

Since incorporation, the Company has undertaken steps to develop its business, including, recruiting directors and officers with the skills required to operate a public company. During 2018, the Company entered into a Mineral Property Purchase Agreement to acquire the Property for shares, raised sufficient capital to commence initial exploration on the Property, engaged Carl von Einsiedel, P.Geol. to prepare a qualifying Technical Report, and engaged an agent to assist in obtaining a listing on the CSE.

Based on the results published by Noranda and Longacre, the Company acquired the Project in March of 2018 and completed a follow up program designed to assess the potential for discovery of additional mineralized breccia zones, consisting of airborne magnetic and radiometric surveys, satellite image analysis, digital elevation modelling and a systematic evaluation of available stream, soil, and rock geochemical data for the project area.

On August 28, 2018, the Company raised \$174,500 through the issuance of 3,290,000 common shares at \$0.05 per share.

The Company completed an initial exploration program consisting of airborne magnetic and radiometric surveys, satellite image analysis and digital elevation modelling and a systematic evaluation of available stream, soil, and rock geochemical data for the project area. The total cost of this exploration program was \$81,597.

On June 12, 2019, the Company closed a public offering and raised \$400,000 in gross proceeds through the issuance of 4,000,000 common shares at a price of \$0.10 per share. At the same time, the Company's common shares began trading on the CSE.

After the closing of the public offering, the Company contracted with Ram Explorations to carry out the next phase of exploration work. This was completed during July through September of 2019 at a cost of \$105,295.

These funds were expended as follows:

Project planning and evaluation of GIS data sets required for field operations	\$5,200
Field operations	\$72,887
Sample analysis	\$10,032
Data interpretation and technical reporting	\$12,163

### Exploration Work Completed to date

Results of the exploration programs to date were encouraging. The 2018 airborne geophysical survey identified a cluster of three high priority target areas centred approximately 1.5 kilometers north of the Noranda Target and identified a series of magnetic lineaments interpreted as possible structurally controlled mineralization localized at or near the bedrock - overburden interface approximately 2.5 kilometers west of the Noranda Target. Satellite imaging and alteration analysis and results of the compilation studies show that the cluster of new targets to the north of the Noranda target are overburden covered but are localized upslope of a strong "gold in stream" anomaly reported by the BCGS. The series of magnetic lineaments reported to the west of the Noranda Target exhibit sericite - illite alteration responses in satellite imagery and are localized along the projected extension of a northwest trending series of precious and base metal, vein type occurrences (reported by the BCGS Minfile database) located on mineral tenures controlled by unrelated third parties.

The field program results confirmed the initial anomalies with positive results from soil sampling. The program was designed to follow up on the encouraging results of a 2018 aeromagnetic survey completed on the property and which were detailed in the Company's Technical Report dated July 15, 2018. A compilation of the historic 3D IP geophysical and the recent aeromagnetic survey indicated that there is an anomaly coincident with the Noranda showing, a mineralized quartz-breccia zone discovered by Noranda in 1988.

A total of 420 soil samples were collected over three new grids that overlay the three priority geophysics targets that are in the central portion of the property. Sample lines were separated by 50 metres with samples being taken every 25 metres on each line. Two of the grids returned anomalous gold values in excess of 15 ppb. The most significant

anomaly was identified in the southern part of the three target areas and consists of an east west trending response that was traced for 300 meters with gold values ranging from 15 to 66 ppb and is open to both the east and west.

This new target lies approximately one kilometer north of the Noranda showing. The target area is heavily forested and will require prospecting and geological mapping as neither of those have been performed through these new target areas. Extension of the soil grids would also be important in determining the potential extent of the mineralization.

The soil samples from the 2019 field program were packaged in sealed plastic bags and transported to the ALS Global assay facility in North Vancouver and were analyzed by standard fire assay (AuAA23) and multi-element trace metal analysis (ME-ICP41).

Follow up IP surveys and drilling would be warranted however the costs of these programs cannot be estimated at this stage. This type of follow up work will require permitting through the Ministry of Mines and consultation with affected First Nations.

### **Mineral Activities during fiscal year 2019/2020**

Due to required permitting and additional extensive financing needed for any ongoing major exploration work on the Aura property, the Company has attempted to identify other project opportunities, both mineral properties and other business entities that could be acquired. The advent of COVID-19 in early 2020, slowed activities considerably. In December 2020, our contract geologist filed an updated property plan for the Aura project with the BC Department of Mines.

### **Recent Corporate Update**

-On September 17, 2020, the Company announced that it had formed an Advisory Board to be comprised of various industry experts who would assist the company with its potential activities and acquisitions. The two initial appointees are Antoine Karam and John Devlin.

-On September 17, 2020, the Company announced that it had allocated a total of 450,000 stock options to consultants and advisory board members at a price of \$0.50 and valid for 5 years.

-On September 10, 2020, the Company retained Banks Cooper Associates of Hull, UK to assist in undertaking financial due diligence of the two cybersecurity potential acquisitions currently being reviewed.

-Also on September 10, 2020, the Company retained McMillan LLP of Toronto to oversee all required European legal due diligence regarding the potential acquisitions. The contemplated transaction would involve a senior financing as well as additional Board of Directors members being appointed.

-On February 19, 2021 the Company announced that due to COVID-19 related travel restrictions it was decided to no longer pursue the potential acquisition of two European cyber security firms as previously announced.

-Also in February, the Company has accepted the resignations of John Devlin and Antoine Karam from its Advisory Board and has also cancelled all 450,000 stock options granted to consultants on Sept. 18, 2020.

### **Subsequent to May 31, 2021**

-As of May 31, 2021 the Company continues diligence activities regarding potential acquisition candidates.

## **OVERALL PERFORMANCE**

### **Summary of Quarterly Reports**

Since incorporation, the Company has been primarily exploring and acquiring the Property. The loss incurred each quarter relates to the expenditures incurred in maintaining the operations of the Company and indirect cost in supporting the Company's activities. Losses in the past three quarters also include potential acquisition diligence costs incurred.

Results for the most recent quarters ending with the last quarter for the period ended May 31, 2021:

<b>For the three month period ending</b>	<b>May 31, 2021</b>	<b>February 28, 2021</b>	<b>November 30, 2020</b>	<b>August 31, 2020</b>	<b>May 31, 2020</b>	<b>February 28, 2020</b>
Revenue	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil
Operating Expenses	\$(90,439)	\$(109,680)	\$164,980	\$407,134	\$16,392	\$19,952
Net loss and comprehensive loss	\$(90,439)	\$(109,680)	\$164,980	\$407,134	\$16,392	\$19,952
Basic and diluted loss per share	\$0.01	\$0.007	\$0.012	\$0.022	\$0.002	\$0.002
Total assets	\$348,026	\$598,767	\$657,269	\$633,353	\$140,191	\$315,190
Total non-current financial liabilities	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil

<b>For the three month period ending</b>	<b>November 30, 2019</b>	<b>August 31, 2019</b>	<b>May 31, 2019</b>
Revenue	\$nil	\$nil	\$nil
Operating Expenses	\$48,832	\$111,542	\$27,550
Net loss and comprehensive loss	\$48,832	\$111,542	\$27,550
Basic and diluted loss per share	\$0.0106	\$0.02	\$0.004
Total assets	\$343,591	\$221,387	\$47,110
Total non-current financial liabilities	\$nil	\$nil	\$nil

### **Selected Annual Information**

The selected annual information set out below has been derived from and should be read in conjunction with the Financial Statements.

	<b>Year ended August 31, 2020</b>	<b>Year ended August 31, 2019</b>
Revenue	\$nil	\$nil
Operating expenses	\$363,092	\$183,184
Net loss and comprehensive loss	\$407,134	\$183,184
Basic and diluted loss per share	\$0.02	\$0.03
Total assets	\$788,125	\$221,387
Total non-current financial liabilities	\$nil	\$nil

### **Relevant financial information for the three-month period ended May 31, 2021 compared to the three month period ended May 31, 2020**

General and administration (“G&A”) expenses are costs associated with the Company’s corporate office and other expenditures that are not directly attributable to the Company’s exploration project and include due diligence related costs regarding potential acquisitions.

For the three month period ended May 31, 2021, G&A expenses totalled \$90,439 (2020 - \$16,392), an increase of \$74,047. Major cost additions were for due diligence related consulting fees, shareholder communications costs, and legal and filing fees.

Total legal related expenses during the period were \$42,011 as compared to \$7,012 in the 2020 comparable period, consulting fees totalled \$39,600 as compared to \$17,000, mineral property related costs were <\$3,414> as compared to <\$14,003> in 2020 (after accounting for BC Mining and CRA tax credits received), and bank service and interest charges amounted to \$12 as compared to \$111 in the comparable 2019-2020 period.

Shareholder communications costs were \$7,000 as compared to NIL, and public company related costs were \$2,381 as compared to \$2,250 in 2019-2020.

During the period, audit and accounting fees totalled NIL in 2019/2020 as compared to \$2,000 in 2019/2020. Regulatory filing fees were \$4,950 as compared to \$3,946 in 2019/2020.

### **Relevant financial information for the nine-month period ended May 31, 2021 compared to the nine month period ended May 31, 2020**

For the nine-month period ended May 31, 2021, G&A expenses totalled \$534,582 (2019 - \$85,094), an increase of \$449,488. Major cost additions were primarily for due diligence activities related to two large potential acquisitions in Greece and Turkey and included consulting and financial accounting fees of \$59,056, shareholder communications costs of \$24,696, legal fees of \$72,383 and stock option based compensations costs of \$166,200; a non-cash item.

Legal related expenses for attorneys in the UK, Greece, Canada and Turkey during the period were \$114,247 as compared to \$10,936 in the 2019-2020 comparable period, rent related costs were NIL as compared to \$1,500, consulting fees paid to European financial analysis and investment banking professionals totalled \$59,056 and management fees were \$130,255 as compared to \$48,500, website design costs were \$4,219 as compared to \$3,728, mineral property related costs were \$86 as compared to \$2,565 in 2019, and bank service and interest charges amounted to \$760 as compared to \$625 in the comparable 2019 period.

Shareholder communications costs were \$33,550 as compared to \$2,157, public company related costs were \$12,868 as compared to \$14,213 in 2019, and travel related costs were \$646 as compared to \$830 in the 2019 comparable period. The setting of director and officer stock options during the period is costed at \$166,200; a non cash item.

### **Results of Operations**

The Company anticipates that, for the foreseeable future, quarterly results of any mineral exploration operations will primarily be impacted by several factors, including the timing of exploration and the efforts and timing of expenditures related to the development of the Company. Due to fluctuations in these factors, the Company believes that the period-to-period comparisons of mineral exploration operating results are not a good indication of its future performance.

Management continues with its diligence activities regarding the potential acquisition candidates.

### **Revenues**

As a mining exploration company, the Company does not generate any income, and must finance its activities through the issuance of equity instruments.

During the three-month period ended May 31, 2021, the Company incurred a net loss and comprehensive loss of \$90,439 compared to a loss of \$16,392 for the three-month period ended May 31, 2020. The loss for the fiscal

period ended May 31, 2021 is primarily the result of European and Canadian legal and consulting fees related to due diligence and analysis costs regarding potential acquisition candidates. Management fees for directors and officers accounted for \$36,000 of the consulting costs.

### **Liquidity and Capital Resources**

Funds available have been used for corporate development, potential acquisition due diligence costs and general working capital purposes. Cash and cash equivalents as of May 31, 2021, totaled \$336,094 as compared to \$113,863 as at the previous year comparable quarter end.

Advanced exploration of the Aura mineral property will require additional financial resources. There is no assurance that such financing will be available when required, or under terms that are favourable to the Company.

The Company is pursuing opportunities to raise additional capital as needed for potential acquisitions; however, there can be no assurance that such financing will be available on a timely basis and under terms which are acceptable to the Company.

### **Off Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Proposed Transactions**

At the Report Date, the Company continues diligence activities regarding potential property acquisitions.

### **Contractual Obligations**

The Company has no material and long-term contractual obligations other than employment contracts in place with Ron Shenton and Brian Roberts.

### **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 the notes of the financial statements.

### **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 the notes of the financial statements.

### **Outstanding Share Data**

As of May 31, 2021 there were 14,242,377 common shares issued and outstanding.

A total of 450,000 stock options that were granted to consultants during the previous three-month period were cancelled. A total of 114,350 share purchase warrants were exercised at a price of \$0.10 per warrant during the period.

During the prior fiscal year, the Company issued a total of 3,578,056 common shares in conjunction with a private placement transaction and paid Haywood Securities 33,600 common shares in compensation for certain PP investor introductions. The PP (private placement) transaction also provided for a total of 3,611,656 warrants which allow PP participants to acquire one additional common share at a price of \$0.30 for a period of one year after closing of the PP transaction. During the current nine month period, one share purchase warrant holder exercised 200,000 warrants for net proceeds of \$60,000. A total of 3,411,656 of these PP warrants remain outstanding.

In addition, 48,650 compensation warrants issued to Haywood Securities remain outstanding and which expire on June 11, 2021 with an exercise price of \$0.10 per share purchase warrant.

## **Related Party Transactions**

Parties are 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 a related party transaction when there is a transfer of resources or obligations between related parties.

During the fiscal quarter period ended May 31, 2021, related party transactions comprised the following:

- (a) Consulting fees of \$6,000 monthly paid to Ron Shenton for a total of \$18,000 (through 475175 BC Ltd)
- (b) Consulting fees of \$6,000 monthly paid to Brian Roberts for a total of \$18,000 (through 343984 BC Ltd)

## **Capital Management**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, to support its activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and cash.

The Company will continue to assess new sources of financing available and to manage its expenditures to reflect current financial resources in the interest of sustaining long term viability. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have not changed over the period presented. The Company is not subject to any externally imposed capital requirements.

## **Adoption of New and Amended IRFS Pronouncements**

The Company has consistently applied the accounting policies and the significant judgments, estimates and assumptions set out in Notes 2 and 3 of the Company's audited financial statements for the year ended August 31, 2020 to the periods presented in these annual financial statements.

## **RISKS**

The Company is subject to risks inherent in the mineral exploration business and all other potential business activities as well as general economic and business conditions. For more information on the Company, readers should review the Company's disclosure that is available on the Company's website at [www.P1R.ca](http://www.P1R.ca) as well as at [www.sedar.com](http://www.sedar.com)

### **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 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 credit risk, the Company would intend to place 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 using borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's operations.

### **Exploration Stage Mineral Exploration Risks**

Exploration stage mineral exploration companies face a variety of risks with very few exploration projects successfully achieving development stage due to factors that cannot be predicted or anticipated. Even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed.

### **Additional Disclosure for Junior Companies**

The Company expects that the proceeds raised in July 2020 pursuant to the private placement offering will continue to fund operations through 2021. The estimated total general and administrative costs necessary for the Company to operate during the following 12 months is \$330,000 and includes further estimated costs related to analysis of potential acquisition candidates.