

**VOLATUS CAPITAL CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended January 31, 2022**

---

The Management's Discussion and Analysis ("MD&A") was prepared as of May 31, 2022 and is intended to supplement and complement the audited consolidated financial statements of Volatus Capital Corp. (the "Company") for the year ended January 31, 2022 and 2021 and related notes attached thereto. Readers are also encouraged to refer to the audited consolidated financial statements of the Company for the year ended January 31, 2022 and related notes attached thereto. Accordingly, this MD&A includes the results of operations and cash flows of the Company for the year ended January 31, 2022 and the reader must be aware that historical results are not necessarily indicative of the future performance. All amounts are reported in Canadian dollars. The aforementioned documents can be accessed on the SEDAR web site [www.sedar.com](http://www.sedar.com).

Unless otherwise stated, financial results have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and Interpretations of the Financial Reporting Interpretations Committee ("IFRIC").

The Company's audited consolidated financial statements were prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation for the foreseeable future. The operations of the Company were primarily funded by the issue of share capital. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, complete sufficient debt or equity financing, or generate profitable operations in the future. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

**DESCRIPTION OF BUSINESS**

The Company, which was incorporated on November 6, 2018, under the laws of British Columbia, is a public company listed on the Canadian Securities Exchange (the "CSE") and trades under the symbol VC. The address of the Company's corporate office and its principal place of business is located at Suite 3043 - 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1J1.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at January 31, 2022, 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.

During the year ended January 31, 2022, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The pandemic could result in delays in the course of business, including potential delays to its business plans and activities, and continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These uncertainties raise substantial doubt upon the Company's ability to continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

## FORWARD-LOOKING STATEMENTS

Certain information in this MD&A, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information may include, but is not limited to, information which reflect management's expectations regarding the Company's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

In making and providing the forward-looking information included in this MD&A the Company's assumptions may include among other things: (i) assumptions about the price of metals; (ii) that there are no material delays in the optimisation of operations at the exploration and evaluation assets; (iii) assumptions about operating costs and expenditures; (iv) assumptions about future production and recovery; and (v) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of base precious metals; (ii) the risk that the Company will continue to have negative operating cash flow; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; and (v) environmental risks and changes in environmental legislation.

This MD&A contains information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward-looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

## EXPLORATION PROJECT

Year Ended January 31, 2022	Split Dome Copper Property	Sunset Copper Star Property	Untapped Property	To Do and Lions Den Gold Properties	JD Property	Belle Property	More Creek Property	Bentley Property	Lone Mountain Property	Lunar- Frog Property	EXT	Gosco and Last Zone Properties	Total
<b>Acquisition Costs:</b>													
Balance, beginning of year	\$ 363,500	\$ -	\$ 960,000	\$ 1,205,000	\$ 139,750	\$ 88,543	\$ 81,606	\$ -	\$ 550,000	\$ 330,000	\$ 220,000	\$ 66,000	\$ 4,004,399
Acquisition costs – cash	-	-	-	-	100,000	25,000	25,000	7,500	-	-	-	25,000	182,500
Acquisition costs – shares	-	-	-	-	22,500	11,250	-	33,750	-	-	-	-	67,500
Write-down	-	-	-	-	-	-	-	-	-	(330,000)	-	(91,000)	(421,000)
Balance, end of year	363,500	-	960,000	1,205,000	262,250	124,793	106,606	41,250	550,000	-	220,000	-	3,833,399
<b>Exploration Costs:</b>													
Balance, beginning of year	-	-	-	-	196,778	700	500	-	-	-	-	-	197,978
Administration and consulting	61,126	2,400	8,263	14,175	213,988	-	6,750	2,537	49,850	-	125,313	287	484,689
Assay	-	-	-	-	5,720	-	-	-	-	-	-	-	5,720
Field work	56,398	-	89,896	168,884	1,232,224	-	161,141	53,749	46,101	-	-	-	1,808,393
Cost recovery	-	-	-	-	(30,331)	-	-	-	-	-	-	-	(30,331)
Write-down	-	(2,400)	-	-	-	-	-	-	-	-	-	(287)	(2,687)
Balance, end of year	117,524	-	98,159	183,059	1,618,379	700	168,391	56,286	95,951	-	125,313	-	2,463,762
<b>Total</b>	<b>\$ 481,024</b>	<b>\$ -</b>	<b>\$ 1,058,159</b>	<b>\$ 1,388,059</b>	<b>\$ 1,880,629</b>	<b>\$ 125,493</b>	<b>\$ 274,997</b>	<b>\$ 97,536</b>	<b>\$ 645,951</b>	<b>\$ -</b>	<b>\$ 345,313</b>	<b>\$ -</b>	<b>\$ 6,297,161</b>

Year Ended January 31, 2021	Split Dome Copper Project	Sunset Copper Star Project	Compass Project	Peak and Lions Den Gold Properties	JD Property	Belle Property	More Creek Project	Lone Mountain Property	Lunar- Frog Property	Williams Extension East-West	Gosco Claims and The Last Zone	Total
<b>Acquisition Costs:</b>												
Balance, beginning of year	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Acquisition costs – cash	-	-	-	65,000	70,000	25,000	25,000	-	-	-	-	185,000
Acquisition costs – shares	270,000	-	960,000	1,140,000	69,750	63,543	56,606	550,000	330,000	220,000	66,000	3,725,899
Acquisition costs – warrants	93,500	-	-	-	-	-	-	-	-	-	-	93,500
Write-down	-	(20,000)	-	-	-	-	-	-	-	-	-	(20,000)
Balance, end of year	363,500	-	960,000	1,205,000	139,750	88,543	81,606	550,000	330,000	220,000	66,000	4,004,399
<b>Exploration Costs:</b>												
Balance, beginning of year	-	93,978	-	-	-	-	-	-	-	-	-	197,978
Administration and consulting	-	19,817	-	-	28,135	700	500	-	-	-	-	49,152
Filed costs	-	-	-	-	168,643	-	-	-	-	-	-	168,643
Write-down	-	(113,795)	-	-	-	-	-	-	-	-	-	(113,795)
Balance, end of year	-	-	-	-	196,778	700	500	-	-	-	-	197,978
<b>Total</b>	<b>\$ 363,500</b>	<b>\$ -</b>	<b>\$ 960,000</b>	<b>\$ 1,205,000</b>	<b>\$ 336,528</b>	<b>\$ 89,243</b>	<b>\$ 82,106</b>	<b>\$ 550,000</b>	<b>\$ 330,000</b>	<b>\$ 220,000</b>	<b>\$ 66,000</b>	<b>\$ 4,202,377</b>

## **Sunset Copper Star Project**

Pursuant to an option agreement dated November 16, 2018 (the “Agreement”), with Rich River Exploration Ltd. and Craig A. Lynes (collectively, the “Optionors”), the Company was granted an option to acquire a 100% undivided interest in the Sunset Copper Star project (the “Property”) located north of the town of Campbell River in the Nanaimo Mining Division, British Columbia.

The Property consists of two contiguous mineral titles covering an area of 1138.15 hectares. These mineral titles were acquired by electronic staking in October and November 2018 and are held by Craig Lynes on behalf of Rich River Exploration Ltd. (“Rich River”). The Company has optioned the Property from Mr. Lynes and is the operator. Access to the Sunset Copper Star Property is via the Browns Bay forest service road that connects to Highway 19 southwest of the Property. Historical work done on the property dates back to 1899-1901 when three adits were driven on the Sunset veins. Very little work has been done on the property since this time period. New logging roads have improved access to the property. This road construction has exposed several new showings of high-grade copper mineralizations. The area covered by the Property is mainly underlain by the upper part of the Karmutsen group.

Formation stratigraphy, comprising mainly thick massive flows with local intercalations of amygdaloidal basalt and pods of autoclastic breccias, pillowed and massive flows with thin intercalations of volcanoclastic and limey sandstones all cut by thin dolerite/gabbro sills. Three documented mineral occurrences are found on the Sunset Copper Star Property. These are the Star, Sunset, and FS stratiform showings. Historical work has focused on the Sunset showing where several exploratory tunnels have been driven along a north trending shear that contains high grade copper mineralization. Work done on the Sunset Copper Star Property in 2018 included the collection of 66 rock 190 soil and 22 silt geochemical samples. The survey area was also prospected and several new copper showings were located. All of this work was done by Rich River Exploration on behalf of Volatus and was supervised by Mr. C. Lynes. The geochemical sampling took place in November 2018. Samples collected by Rich River were shipped to ALS Minerals laboratories in North Vancouver. The purpose of the geochemical sampling done in 2018 was to characterize the grade of copper mineralization found on the property and to look for new areas of potential copper mineralization by collecting soil samples at closely spaced intervals along a network of logging roads in the northern part of the property. Most of the mineralized samples were collected from veins and shear zones within amygdaloidal subaerial to submarine basaltic volcanic rocks of the Triassic Karmutsen Group. A number of samples containing high grade Cu mineralization were collected from adits and waste dumps at the Sunset showing. Several new showings and areas of anomalous Cu in soils were located in the northern part of the Property.

In accordance with the agreement, the Company has acquired a 51% undivided interest in the Property by paying \$5,000. The Company has the option to earn the remaining 49% interest in the Property by issuing a total of 50,000 common shares of the Company to the Optionors, making cash payments totaling \$155,000, and incurring a total of \$500,000 in exploration expenditures.

The Company terminated the agreement to acquire the remaining 49% during the year ended January 31, 2022. Due to no current plans to further the project, the Company has impaired the property to \$Nil and recorded a write-down of \$2,400 (2021 - \$133,795) in the statement of loss and comprehensive loss.

The Optionors will retain a 3% Net Smelter Returns royalty on the Property. The Company has the right to purchase the first 1% of the royalty for \$750,000 and the remaining 2% for \$1,000,000 at any time prior to the commencement of commercial production.

## **Split Dome Copper Project**

During the year ended January 31, 2020, the Company entered into a purchase and sale agreement with a Company owned by the Chief Executive Officer to acquire up to a 100% interest, subject to a 0.25% NSR royalty, in the Split Dome copper project located near Hazelton, British Columbia. In exchange for the 100% interest, during the year ended January 31, 2021, the Company issued 250,000 shares at a value of \$270,000 and 125,000 warrants with a term of 36 months and an exercise price of \$1.20.

The Split Dome copper project consists of four claim groups totalling 319 claims for 5,840 hectares located 55 km north-east of Hazelton, British Columbia on the west side of the Babine Valley. The project can be accessed by active forestry roads on the northern and southern sides of the claim group, which in turn are accessed by two turnoffs north and south of Smithers on Highway 16. Lodges and camp areas are found to the south-southeast in the Fort Babine area.

The project target is a dome feature which is bifurcated by two north-south magnetic lows and has the overall magnetic signature that is indicative of an intrusive host rock but has been mapped as a sedimentary rock with a small window of intrusive rocks mapped on the north side of the magnetic signature. The regional stream sampling downstream of the Split Dome claims indicate second-order copper in silt anomalies and only one sample has been taken in the target area.

Structurally, the Split Dome Target lays on the southwest side of a Northwest / Southeast regional scale strike slip fault that locally follows the Babine river. The Split dome target is nestled in a dilational jog in the fault geometry. This dilational jog gives room for a significant sized granitic intrusive body to rise and become emplaced in the near surface. Continued activity in the dilational jog in the fault allows for the long-term structural development and the open spaces required for copper mineralization. The Lone Mountain/Mount Horetzky copper showing is located to the northwest on the opposite side of the regional fault structure and demonstrates the pregnant nature of the intrusive system. Split Dome has the signature of a large intrusive body and has the potential to host a significant copper resource.

The Company completed an airborne magnetic survey on the project which was carried out by Precision GeoSurveys Inc.

#### **Untapped Property (formerly called Compass Project)**

During June 2020, the Company earned a 100% interest, subject to a 1% NSR royalty of which the Company may purchase 0.5% for \$500,000 at any time, in the Compass project by issuing 800,000 common shares with a value of \$960,000.

The Compass Project is composed of six mineral claims encompassing a land area of approximately 7,470 hectares located in the resurgent Toodoggone Mining Camp in northwestern British Columbia.

The Company completed an airborne magnetic survey on the project which was carried out by Precision GeoSurveys Inc.

#### **To Do and Lions Den Gold Properties (formerly called Peak and Lions Den Gold Properties)**

In June 2020, the Company entered into a purchase and sale agreement with a Company controlled by the Chief Executive Officer to acquire a 100% interest, subject to a 1.5% NSR royalty, in the Peak and Lions Den gold properties located in the Kemess-Toodoggone porphyry gold-copper epithermal gold district in northwestern British Columbia.

In exchange for the 100%, the Company issued 950,000 common shares with a value of \$1,140,000 and made a cash payment of \$65,000 during the year ended January 31, 2021.

The To Do (4,742 ha) and Lions Den (11,569 ha) properties are composed of 17 mineral claims, encompassing a total land area of approximately 16,311 ha located in the Kemess-Toodoggone porphyry gold-copper epithermal gold district in northwestern British Columbia.

Historic Showings include:

- The JIMO showing is a west trending ridge within a valley of a west-flowing stream with mineralized outcrop occurring over a 500x400 m area along the ridge and crossing into the valley floor. A 9x4 m quartz-calcite stockwork zone, hosted within andesite, along the ridge, yielded 0.38% Cu and 21.94 g/t Au over 3.7 metres. A grab sample from a 20 cm wide quartz-calcite vein hosted within brecciated tuff along the valley floor assayed 34.0 g/t Ag (Assessment Report 18465).
- The Fred showing is a series of southerly dipping quartz-carbonate-(barite) veins (up to 30 cm wide) containing mineralization with varying amounts of chalcopyrite, bornite, chalcocite, pyrite and galena. The veins are in a 10x1.5 m zone of argillic and siliceous altered brecciated augite porphyry andesites. A grab sample of the mineralization assayed 10.26 g/t Au, 2.42% Pb, 0.49% Zn, and 0.24% Cu (Assessment Report 4643).

The Company completed an airborne magnetic survey on the project which was carried out by Precision GeoSurveys Inc.

### **JD Property**

In July 2020, the Company entered into an option agreement to acquire a 100% interest subject to a 2.5% NSR royalty, in the JD property ("JD") located in the Omineca Mining Division in northern British Columbia. To earn the interest, the Company must make payments totaling \$1,200,000, issue 1,000,000 common shares and incur exploration expenditures totaling \$16,000,000, as follow:

- i)\$70,000 in cash (paid) and shares valued at \$30,000 (issued) in accordance with regulatory requirements;
- ii)\$100,000 (paid) and 62,500 common shares on July 28, 2021 (issued);
- iii)\$200,000 and 125,000 common shares on July 28, 2022;
- iv)\$200,000 and 187,500 common shares on July 28, 2023;
- v)\$250,000 and 250,000 common shares on July 28, 2024;
- vi)\$350,000 and 375,000 common shares on July 28, 2025;
- vii)incur not less than \$200,000 on or before October 28, 2020 (incurred);
- viii)incur \$1,000,000 on or before October 28, 2021 (incurred);
- ix)incur \$1,300,000 on or before October 28, 2022;
- x)incur \$2,000,000 on or before October 28, 2023;
- xi)incur \$3,000,000 on or before October 28, 2024;
- xii)incur \$4,000,000 on or before October 28, 2025; and
- xiii)incur \$4,500,000 on or before October 28, 2026.

The Company also issued 28,393 common shares (valued at \$39,750) as finder's fees during the year ended January 31, 2021.

The property is comprised of 32 mineral claims (13,697 ha) in the resurgent Toodoggone Mining Camp located in northwestern British Columbia. The JD Property is 280 km northeast of the Omineca Mining Division (Smithers, B.C.) in the historically significant Toodoggone gold district of north-central British Columbia.

The JD Property is strategically located in the center of the Toodoggone District. It lies adjacent to the north and east of Benchmark's Lawyers property, adjacent to the south of the Porphyry Pearl and Oxide Peak properties and some 15 km south of Evergold's Golden Lion property on the north and east. Guardsmen's Ranch property is adjacent to the west.

The Kyba Red Line is on the JD Property and is prospective for epithermal gold mineralization and porphyry copper mineralization. The Triassic Stuhini Group - Jurassic Hazelton Group stratigraphic contact as depicted by the Kyba Red Line - is predictive of a geological environment favorable for the formation of major metal deposits in proximal Hazelton Group rocks. Kyba recognized that most of the major deposits in the region occur within two kilometres of a regional stratigraphic contact and there are lithological and structural clues to narrow that window even more.

#### Project Highlights:

- Center of the Toodoggone District which is seeing a resurgence of interest in 2020 with Benchmark Metals Inc. working on the Lawyers gold deposit with a 50,000m drill program.
- \$15 million in historical work on the Project focused primarily on the epithermal gold targets.
- The JD Property hosts the Finn historical gold resource (see below).
- High grade zone with the Finn deposit has grades of up to 13.28 g/t gold over 8.8m.
- 12 other significant Au and Au/Ag targets ranging from high grade veins, to stratiform and fault zone hosted mineralization with grades of up to 4m at 103.3g/t Au, 92.2 g/t Ag, 1.34% Cu and 11.7% Zn.
- Freeport-McMoran of Canada Ltd explored for and was developing a strong porphyry target from 2017 to 2019 before withdrawing for corporate imperatives, leaving a well-developed untested copper porphyry target.
- The Toodoggone region hosts Lawyers, Kemess, Baker and Shasta historic mines.

The immediate focus at JD will be gold mineralization in the southern portion of the Project near the boundary with Benchmark's Lawyers project, with the objective of updating and expanding the Finn deposit historic resource, as well as further definition and testing of the Freeport porphyry target.

The Company's initial 2020 exploration program focused on gold exploration in the Moosehorn area, (north of Benchmark's Lawyers Trend) and porphyry copper alteration and mineralization in Mc Claire Creek and the North East Zone.

- New Copper, Gold and Silver discovery at the North East Zone.
- Grades from the North East Zone range from nil to 7.2 g/t Au, 1845 g/t Ag and 36.7 % Cu.
- 2 new gold targets defined at Moosehorn based on Soil Gas Hydrocarbon (SGH) sampling combined.
- The company is focused to continue on exploration on these core targets in 2021 while also expanding on the known gold mineralization around the Finn Zone.

The Company established a 10-man camp at JD and conducted follow-up work on areas identified during the 2021 exploration program. It conducted an airborne VTEM and magnetic geophysical survey with radiometrics ("VTEM") that was carried out by Geotech Ltd. Due to bad weather conditions prevailing at the time of the surveys, the VTEM survey was not completed.

#### **True Grit and Middle Ridge projects**

The Company received a 5% interest in certain mineral claims of True Grit and Middle Ridge projects in Newfoundland as a loan fee.

During the year ended January 31, 2021, the Company sold its 5% interest in the Middle Ridge South gold property in central Newfoundland to Mariner Resources Corp. ("Mariner"). The Company received \$12,000 in cash and 90,000 common shares (valued at \$15,300) of Mariner in the transaction.

During the year ended January 31, 2021, the Company sold its 5% interest in the Middle Ridge North gold and True Grit gold properties in central Newfoundland to Mariner. The Company received 342,500 common shares (valued at \$126,725) of Mariner in the transaction.

The total gain on sale of exploration and evaluation assets of \$154,025 was recognized in the statement of loss and comprehensive loss.

#### **Leigh Creek Magnesite Project**

During the year ended January 31, 2021, the Company entered into an agreement to acquire MagMetal, a private Australian Issuer holding a 20% interest in the Leigh Creek Magnesite Pty Ltd. The Company is required to issue 1,788,724 common shares (issued at a value of \$3,040,831) and pay \$500,000 (paid).

The underlying property is subject to a NSR ranging from 1.25% to 2.5%.



The fair value of 1,788,724 common shares of the Company was determined to be \$1.70 per common share, based on the market value at the date of issuance.

The Company paid \$300,000 to enter an option agreement to purchase a 100% undivided interest in exploration license #5730 in Southern Australia.

The Leigh Creek Magnesite Project is located in Leigh Creek Township, approximately 550 km north of Adelaide in South Australia. Consisting of 2 exploration licences, the Leigh Creek Magnesite Project is considered to be the world's largest cryptocrystalline (small-grained) magnesite deposit, capable of making CCM (caustic calcined magnesite), DBM (dead burned magnesite) and EFM (electro fused magnesite) magnesite products, and magnesium metal. The project has nearby spare kiln and port capacity, with multiple toll processing opportunities.

The Leigh Creek historical JORC resource estimate consists of 16 million tonnes measured, 113.5 million tonnes indicated and 106 million tonnes inferred (see table included herein). The historical JORC resource estimate was completed for Archer Exploration Ltd. in April 12, 2016. The company's qualified person has not done sufficient work to classify the historical estimate as a current mineral resource or mineral reserve, and the company is not treating the historical estimate as current mineral resources or mineral reserves.

The included table is derived from the April 12, 2016, Archer Exploration JORC resource.

Area	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)	MgO (%)
Mount Hutton Central	12.0	5.5	0.0	17.5	40.1
Mount Hutton South	0.0	72.0	53.0	125	42.9
Mount Playfair	0.0	21.0	23.0	44	42.5
Pug Hill	0.0	10.0	10.0	20	42.7
Termination Hill	4.0	5.0	20.0	29	42.8
<b>Total</b>	<b>16.0</b>	<b>113.5</b>	<b>106.0</b>	<b>235.5</b>	

The JORC resource categories used are comparable to the CIM 2014 mineral resource categories recognized under National Instrument 43-101. The parameters used to prepare the historical estimate include creating a DTM for the top and bottom of each bed in the magnesite package. The block size chosen measured 10 metres north by 0.5 m east and one m vertically. This block size allowed for an estimation of steeply dipping, thin, tabular bodies and also considered the estimated minimum magnesite bed mining width of 0.5 m. Area Measured (Mt) Indicated (Mt) Inferred (Mt) Total (Mt) MgO (%) Mount Hutton Central 12.0 5.5 0.0 17.5 40.1 Mount Hutton South 0.0 72.0 53.0 125 42.9 Mount Playfair 0.0 21.0 23.0 44 42.5 Pug Hill 0.0 10.0 10.0 20 42.7 Termination Hill 4.0 5.0 20.0 29 42.8 Total 16.0 113.5 106.0 235.5 A qualified person has yet to determine what work would be required to upgrade or verify this historical estimate.

The company's investment in magnesium metal is in alignment with its vision of the growth of the green economy. The unique properties of magnesium to create a high-strength, low-weight metal and associated alloys for use in electric vehicles allows for the reduction of vehicle weight while driving down battery size and costs.

### Belle Property

In August 2020, the Company entered into an agreement to acquire a 100% interest in the Belle property, located in the center of the Toodoggone Gold and Copper Mining District, northern British Columbia. To execute the option, the Company is required to make the following payments:

- i)\$25,000 (paid) and 31,250 common shares on August 5, 2020 (issued);
- ii)\$25,000 (paid) and 31,250 common shares on August 5, 2021 (issued);
- iii)\$25,000 and 31,250 common shares on August 5, 2022; and
- iv)\$25,000 and 31,250 common shares on August 5, 2023.

The Company also issued 8,464 common shares as finder's fees during the year ended January 31, 2021.

The property is subject to a 2% NSR.

The Belle property is located in the center of the Toodoggone Gold and Copper Mining District, northern British Columbia. The Belle is prospective for both gold and copper mineralization with exploration vectors suggesting that the potential for a mineralized core in the larger JD-Belle Porphyry system is located on the Belle Project.

The Belle Property comprises seven mineral tenures covering 1,691 ha and is surrounded by, and contiguous to Volatus' optioned JD property in the Toodoggone gold district of north-central BC. The Belle Property is underlain by the same Jurassic age volcanic package (Toodoggone Formation) that hosts widespread gold mineralization on the JD property. Exploration on the Belle Property was most recently conducted during the 1980's where programs consisting of mapping and sampling, soil geochemistry and trenching were completed primarily by Manson Creek Resources. This work was centered approximately three kilometres due south of the JD Project's Finn Zone.

*Large scale gold and silver target highlights:*

- Strong gold and silver in soil anomalies
- Silica sinter on NE ridge with gold and silver values
- High grade grab samples with grades of up to 107 g/t Au and 103 g/t Ag
- Surrounded by the more advanced JD gold and silver project
- Located north of Benchmark's Lawyers historic gold mine and advanced exploration project

*Porphyry Copper target indicated by:*

- NW trend in QSP dykes and alteration system
- Magnetic and IP anomalies
- Spectral scanning study by Freeport McMoran in JD Project vectors towards a porphyry core on the Belle Project

*General Model*

The Belle property is 280 km northeast of the Smithers, BC Omineca Mining Division in the historically significant Toodoggone gold district of north-central British Columbia. The property is underlain by a thick succession of interlayered volcanoclastic and intermediate volcanic rocks that are locally cut by high-level porphyritic intrusions. These rocks appear to host a large epithermal gold-silver system with many significant high-grade gold and silver occurrences and porphyritic core.

In 2019, MDRU's "An Exploration Framework for Porphyry to Epithermal Transitions in the Toodoggone Mineral District" suggested the new age relationships implies that epithermal-type deposits formed contemporaneously with pluton emplacement and porphyry type K-silicate alteration at depth. The transition to a porphyry center is further supported by the high concentrations of Cu, Mo, W, and Sn (which are typically enriched in the core of porphyry system) relative to Sb, As, Ag, Li and Ti (which are typically enriched in shallow level above porphyry systems). MDRU's new framework clearly suggest the potential for exploration of porphyry-type copper mineralization in areas previously known for epithermal mineralization.

*Mineralization details*

In 2013, Tower was first to recognize a significant porphyry-related hydrothermal alteration system in which classic alteration, mineralization and veining were encountered in three holes along a strike length of 850 metres. The dominantly phyllic (quartz plus sericite plus pyrite) alteration with anomalous copper mineralization is believed to be related to a deeper copper-mineralized porphyry system as one hole (JD-13-025) bottomed in 1.4 metres of 4,665 ppm Cu hosted in an altered intrusion at 229 metres downhole. The 2013 drilling only tested a small portion of an induced polarization chargeability. The chargeability anomaly is largely coincident with a multiple element (copper,

gold, silver and tellurium) soil geochemical anomaly and an 800 m by 800m magnetic anomaly identified in a historic airborne geophysical survey. The discovery of the alteration system indicates that a robust porphyry related hydrothermal system underlies the eastern side of the Property. Work by Freeport in 2019 suggest the core of this porphyry system is located on the Belle Project.

Gold and silver mineralization on the Belle Property has been observed in two areas; the South Zone and the North Zone, which are 1.5 kilometres apart. Gold and silver mineralization of the South Zone is hosted in a northwest striking shear zone that has been traced by systematic trenching for 200 meters along strike. This zone is characterized by a wide (up to 20 meters) northwest trending zone of argillic alteration cored by sulphide bearing (pyrite, galena, and sphalerite) siliceous breccias with minor barite. Numerous open gold in-soil anomalies (up to 300 by 100 meters) are associated and correlate well with known areas of mineralization of the South Zone. High grade grab samples collected in 1986 by Manson Creek Resources from altered andesite located in outcrop at the northern extent of this zone have returned impressive assays of up to 107 g/t Au with 103 g/t Ag. In 1988 Manson Creek Resources completed 328 meters of trenching in the vicinity of the aforementioned grab sample aimed at expanding the mineralized zone along strike. Highlights from this trenching program include intersections such as 9 meters grading 2.1 grams per ton (g/t) Au and 9.5 g/t Ag (trench 88-04).

The Northern Zone is mostly exposed in mineral claims comprising the JD property. This zone is characterized by northeast trending discrete structurally controlled alteration zones comprising varying degrees of silicification with secondary barite up to 32 metres wide. Northeast trending gold in-soil anomalies correlate well with known areas of mineralization. All geochemical anomalies remain open along strike. Grab samples from this zone have returned assays of up to 2.2 g/t Au and 16.8 g/t Ag from altered volcanic rocks.

The Company completed 3 survey lines of the proposed 4 lines by Induced Polarization geophysical survey ("IP") at Belle property. The survey was carried out by Peter E. Walcott and Associates Ltd.

### **More Creek Property**

In August 2020, the Company entered into an agreement to acquire a 100% interest in the More Creek Project, located the Golden Triangle District of northwest British Columbia. To execute the option, the Company is required to make the following payments:

- i)\$25,000 on August 21, 2020 (paid);
- ii)25,000 common shares on or before September 1, 2020 (issued);
- iii)\$25,000 in cash or shares on or before July 22, 2021 (paid);
- iv)\$50,000 in cash or shares on or before August 21, 2022; and
- v)\$50,000 in cash or shares on or before July 22, 2023.

The Company is required to incur exploration expenditures totaling \$600,000 as follow:

- i)\$100,000 on or before December 31, 2021 (incurred);
- ii)\$250,000 on or before August 21, 2023; and
- iii)\$250,000 in development costs on or before December 31, 2023.

The Company also issued 11,286 common shares as finder's fees during the year ended January 31, 2021.

The property is subject to a 2% NSR. In the event the Company acquires 100% interest in the property, the property will be subject to an additional 1% NSR of which 0.5% can be purchased at any time for \$500,000.

The More Creek Project is located in the heart of the Golden Triangle District, British Columbia. It is an early stage project which hosts gold in stream and till samples. Looking up slope from the stream and till sample locations anomalous mercury in two discrete silica caps suggest the potential for a gold enrichment lower in the epithermal system.

The More Creek property comprises five mineral tenures totaling 6,432 hectares in the Golden Triangle District of northwest British Columbia. The property was staked by Tower. More Creek is approximately 55 kilometers north

of Newcrest Mining Limited's significant Brucejack development project which contains a Measured and Indicated mineral resource of 9.1 million ounces of gold at an average grade of 17.2 grams per tonne gold.

### *Geology and Historic Exploration*

Previous work at More Creek was focused on a prominent mountain and ridge top gossan known as the Sinter zone. Geological mapping and geochemical sampling (rock, soil, and stream silts) by Noranda and Corona in the early 1990s and reconnaissance mapping by Barrick Gold and Teck Resources in the 2000's at Sinter outlined an extensive zone, up to two kilometers long, of strong silicification, argillic alteration and hydrothermal brecciation associated with a regional fault cutting through Upper Triassic Stuhini Group volcanic and siliciclastic rocks. This zone is characterized by highly anomalous (in rocks, soils and silts) concentrations of epithermal-gold pathfinder elements such as Hg, As and Sb. Furthermore, a creek draining the Sinter zone also contains highly anomalous concentrations of gold (up to 1.4g/t Au) in pan concentrates in stream sediments as noted by Noranda and Corona (BC Assessment Reports 19216 and 21311).

Work in 2016 by Tower focused on rock-chip samples on the Sinter Zone and stream sediment samples in the creeks draining the Sinter and Logan Ridge zones. Highly anomalous gold grain and indicator mineral counts in stream sediments coupled with elevated pathfinder elements in rock-chip samples, and epithermal textures identified in outcrop were considered significant and warranted systematic follow-up. Rock samples were also collected by Tower geologists from the Sinter Zone, especially where glacial recession has exposed abundant new outcrop. Mercury was highly elevated in all samples, along with elevated values of other pathfinder elements. These results are consistent with the interpretation of the Sinter Zone representing the highest levels of a mineralized epithermal system. Strong alteration, pyrite vein stockwork, hydrothermal brecciation, and textures indicative of fluid boiling and gas escape were observed.

Together, these historic data suggests the Sinter zone may represent the upper, barren zone of an epithermal gold system and gold mineralization should be targeted vertically below the outcropping alteration zone. This exploration model has not yet been tested by systematic diamond drilling. The known showings remain underexplored with numerous opportunities to expand the exploration targets through follow up on anomalous stream sediments and till samples.

More Creek is 120 kilometres north of Stewart, BC and benefits from close proximity to significant infrastructure such as the Northwest Transmission Line, a nearby fixed-wing aircraft runway and Highway 37, all of which are approximately 10 kilometers to the east of the property.

The Company completed an airborne magnetic survey on the project which was carried out by Precision GeoSurveys Inc.

### **Bentley Property**

During the year ended January 31, 2022, the Company acquired a 100% interest in the Bentley property located in the Toodoggone district north central British Columbia by issuing 62,500 common shares (valued at \$33,750) and paying \$7,500 (paid).

### **EXT Property (formerly called Williams Extension East-West Property)**

In November 2020, the Company entered into an agreement to acquire a 100% interest in Williams Extension East-West property located in the Golden Horseshoe of Toodoggone Region, located 70 km northwest of Kemess, British Columbia. To earn the interest, the Company issued 250,000 common shares (valued at \$220,000).

The Company completed an airborne magnetic survey on the project which was carried out by Precision GeoSurveys Inc.

### **Lunar-Frog Property**

In November 2020, the Company entered into an agreement to acquire a 100% interest in Lunar-Frog property located in 10 km northwest of the Williams Extension East-West property, British Columbia. To earn the interest, the Company issued 375,000 common shares (valued at \$330,000). The property is subject to a 2.5% NSR, of which 1.5 % NSR is for the seller and 1% is an underlying NSR. It is considered a related party transaction.

During the year ended January 31, 2022, the Company has impaired the property to \$Nil and recorded a write-down of \$330,000 in the statement of loss and comprehensive loss.

### **Lone Mountain Property**

In November 2020, the Company entered into an agreement to acquire a 100% interest in Lone Mountain property located in British Columbia. To earn the interest, the Company issued 625,000 common shares (valued at \$550,000). The Lone Mountain property is subject to historical underlying 2% NSR.

The Company completed an airborne magnetic survey on the project which was carried out by Precision GeoSurveys Inc.

### **Gosco claims and the Last Zone**

In November 2020, the Company entered into an agreement to acquire a 100% interest in Gosco claims and the Last zone located in British Columbia. To earn the interest, the Company is required to pay \$25,000 and issue 75,000 common shares (issued at a value of \$66,000). The Gosco claims and the Last Zone claims are subject to a 1% NSR. The Gosco claims are approximately 60 kilometres north of the town of Hazelton, B.C.

Mineralization identified to date occurs as polymetallic veins. Copper and gold are reported in some of the occurrences with average grades of 0.09% copper and 4 g/t gold. The Last Zone property consists of five non-contiguous mineral claims located 73 km southeast of the village of Dease Lake. Known mineralization on the Last zone property is the Bonus and No. 1 MINFILE occurrences. Chip samples across the Bonus zone averaged up to 1.94 % copper and 35.7 g/t silver over 10.0 metres. The No.1 occurrence is located 1.8 km southwest of the Bonus zone. It consists of a north-striking shear vein which ranges in width between 0.6 and 1.5 metres. Some high grades, including 5.94% Cu and 41.5 g/t Ag, have been reported.

During the year ended January 31, 2022, the Company has impaired the property to \$Nil and recorded a write-down of \$91,287 in the statement of loss and comprehensive loss.

## **RESULTS OF OPERATIONS**

### *Year Ended January 31, 2022*

The Company incurred a loss and comprehensive loss of \$830,232 (2021 – \$267,606) for the year ended January 31, 2022. A brief explanation of the significant changes in expenses by category is provided below:

- Gain on investment of \$131,111 (2021 – \$154,025) decreased due to the sale of Rain City Resources shares during the current year.
- Interest on loans receivable of \$19,269 (2021 – \$39,433) due to a decrease in loan amounts outstanding in the current year.
- Management and consulting fees of \$144,250 (2021 – \$438,665) due to a decrease in activity in the Company resulting in decreased number of consultants in the current year.
- Property investigation of \$2,200 (2021 – \$36,982) decreased due to the Company investigating property in the comparative year.

- Realized loss on marketable securities of \$150,056 (2021 – gain of \$97,106) due to the sale of marketable securities during the current year.
- Rent of \$40,525 (2021 – \$27,000) due to the timing of rent fees incurred in current year.
- Travel of \$Nil (2021 – \$4,855) due to a decrease in the number of trips taken by management.
- Unrealized loss on marketable securities of \$113,950 (2021 – gain of \$185,270) due to a decrease in fair market value of unsold marketable securities in current year.
- Write-off of exploration and evaluation assets of \$423,687 (2021 – \$133,795) increased due to a write-down related to the Sunset Copper Star, Lunar-Frog, Gosco & Last Zone Properties.

## SELECTED ANNUAL INFORMATION

	January 31, 2022	January 31, 2021	January 31, 2020
Total revenue	\$ -	\$ -	\$ -
Net loss for the year	\$ (830,232)	\$ (267,606)	\$ (322,904)
Basic and diluted loss per share	\$ (0.07)	\$ (0.04)	\$ (0.08)
Total assets	\$ 10,398,738	\$ 9,192,281	\$ 355,404
Total long-term liabilities	\$ -	\$ -	\$ -

## QUARTERLY INFORMATION

	January 31, 2022	October 31, 2021	July 31, 2021	April 30, 2021
Total revenue	\$ -	\$ -	\$ -	\$ -
Net income (loss) for the period	\$ (541,200)	\$ (155,816)	\$ (163,302)	\$ 30,086
Basic and diluted income (loss) per share	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ 0.00
Total assets	\$ 10,398,738	\$ 10,542,211	\$ 9,914,147	\$ 9,401,519
Total long-term liabilities	\$ -	\$ -	\$ -	\$ -
	January 31, 2021	October 31, 2020	July 31, 2020	April 30, 2020
Total revenue	\$ -	\$ -	\$ -	\$ -
Net loss for the period	\$ (125,883)	\$ 45,156	\$ (18,573)	\$ (83,305)
Basic and diluted loss per share	\$ (0.00)	\$ 0.00	\$ (0.00)	\$ (0.02)
Total assets	\$ 9,192,281	\$ 7,609,768	\$ 4,213,359	\$ 577,788
Total long-term liabilities	\$ -	\$ -	\$ -	\$ -

During the quarter ended January 31, 2022, total assets decreased to \$10,398,738 (October 31, 2021 - \$10,542,211) due to write-off of exploration and evaluation assets of \$423,687 related to the Sunset Copper Star, Lunar-Frog, Gosco & Last Zone Properties.

During the quarter ended October 31, 2021, total assets increased to \$10,542,211 (July 31, 2021 - \$9,914,147) due to field work of \$275,866 and geological and survey work of \$473,726 completed at the JD property.

During the quarter ended July 31, 2021, net loss increased to \$163,302 (April 30, 2021 – income of \$30,086) primarily due to the exercise of warrants in Rain City Resources.

During the quarter ended April 30, 2021, net income increased to \$30,086 (January 31, 2021 – net loss of \$125,883) due to unrealized gain on Origen Resources Inc. common shares of \$123,597.

During the quarter ended January 31, 2021, net loss increased to \$125,883 (October 31, 2020 – net income of \$45,156) due to write off of the Sunset Copper Star property of \$133,795. Total assets increased from \$9,192,281 (October 31, 2020 - \$7,609,768) due to acquisition costs related to four new properties during the quarter.

During the quarter ended October 31, 2020, net income increased to \$45,156 (July 31, 2020 – net loss of \$18,573) due to sale of Essex Minerals Inc. and Copaur Minerals common shares and sale of 100% undivided interest in the Middle Ridge North hold and True Grit gold properties to Mariner during the quarter. Total assets increased due to acquisition of four more properties, mainly due to the Leigh Creek Magnesite property for \$3,340,831.

During the quarter ended July 31, 2020, total assets increased to \$4,213,359 (April 30, 2020 - \$577,788) due to acquisition costs of \$2,504,750 related to acquisition of four properties, \$300,000 prepayment for acquisition of MagMetal tech Pty Ltd., sale and acquisition of common shares for values companies, and lent a combined \$290,000 to the Chief Executive Officer.

#### FOURTH QUARTER

There were no significant events or transactions during the quarter ended January 31, 2022.

#### 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.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer. The remuneration of directors and other members of key management personnel during the years ended January 31, 2022 and 2021 were as follows:

	Nature of transactions	2022	2021
<b>Related parties:</b>			
Chief Executive Officer	Exploration	\$ 74,000	\$ -
Former Chief Executive Officer	Management fees	\$ 31,000	\$ 61,000
Chief Financial Officer	Management fees	\$ 12,000	\$ 19,500
Directors	Director fees	\$ -	\$ 30,000
A Company controlled by a director of the Company's subsidiary	Management fees	\$ 28,000	\$ 45,000
A Company related by a common former Chief Executive Officer	Management fees	\$ 87,000	\$ 87,000
A Company related by a common former Chief Executive Officer	Consulting fees	\$ 37,500	\$ 112,500

As at January 31, 2022, accounts payable and accrued liabilities include \$170,009 (2021 – \$111,740) due to related parties. All amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

As at January 31, 2022, Company has prepaid \$Nil (2021 - \$37,500) to a company related by a common director.

During the year ended January 31, 2020, the Company entered into a loan agreement with a Company controlled by a common director to lend \$100,000. The principal amount of the loan plus accrued interest of 12% per annum shall be payable on demand and the borrower has pledged marketable securities as collateral against repayment of the loan and accrued interest. During the year ended January 31, 2020, the Company accrued \$2,334 of interest. During the year ended January 31, 2021, the Company accrued \$6,148 of interest and received \$100,000. During the year ended January 31, 2022, the Company accrued \$42 and transferred \$8,524 to accounts payable. At January 31, 2022, \$Nil (2021 - \$8,482) of interest remained unpaid.

In May 2020, the Company entered into a loan agreement with a Company controlled by the former Chief Executive Officer to lend \$40,000. The principal amount of the loan plus accrued interest of 2% per month shall be payable on or before 10 days after notice in writing of demand by the Company. The borrower has pledged 4,000,000 common shares of Origen Resources Inc. as collateral against repayment of the loan and accrued interest. During the year ended January 31, 2022, the Company accrued \$4,760 (2021 - \$6,523) in interest receivable and received \$51,283.

In June 2020, the Company entered into a loan agreement with a company controlled by a common director to lend \$150,000. The principal amount of the loan plus accrued interest of 2% per month shall be payable on or before 10 days after notice in writing of demand by the Company. During the year ended January 31, 2021, the Company accrued \$6,707 of interest and received \$150,000. During the year ended January 31, 2022, the Company transferred \$6,653 to accounts payable. At January 31, 2022, \$Nil (2021 - \$6,707) of interest remained unpaid.

In June 2020, the Company entered into a loan agreement with a Company controlled by the former Chief Executive Officer to lend \$100,000. The principal amount of the loan plus accrued interest of 2% per month shall be payable on or before 10 days after notice in writing of demand by the Company, such demand not to be made before November 20, 2020. The Company received a 5% interest in certain mineral claims of True Grit and Middle Ridge projects in Newfoundland as a loan fee (valued at \$Nil). During the year ended January 31, 2022, the Company accrued \$8,613 (2021 - \$14,597) of interest, received \$13,313, and transferred \$109,897 to accounts payable.

In August 2020, the Company entered into a loan agreement with a Company controlled by the former Chief Executive Officer to lend \$50,000. The principal amount of the loan plus accrued interest of 2% per month shall be payable on or before 10 days after notice in writing of demand by the Company, such demand not to be made before February 18, 2021. The Company received a 5% interest in certain mineral claims in Labrador and Quebec as a loan fee (valued at \$Nil). During the year ended January 31, 2022, the Company accrued \$5,198 (2021 - \$5,458) of interest and received \$60,656.

In December 2021, the Company entered into a loan agreement with a Company controlled by a common director to borrow \$115,000. The principal amount of the loan plus accrued interest of 10% per annum and a 20% bonus shall be payable on June 17, 2022. During the year ended January 31, 2022, the Company accrued \$1,393 of interest. The Company repaid the loan in full.

In February 2022, the Company entered into a loan agreement with a Company controlled by a common director to borrow \$187,000. The principal amount of the loan plus accrued interest of 10% per annum and a 20% bonus shall be payable on August 2, 2022. The Company repaid the loan in full.

In March 2022, the Company entered into a loan agreement with a Company controlled by a common director to borrow \$30,000. The principal amount of the loan plus accrued interest of 10% per annum and a 20% bonus shall be payable on September 30, 2022.

In April 2022, the Company entered into a loan agreement with a Company controlled by a common director to borrow \$12,000. The principal amount of the loan plus accrued interest of 10% per annum and a 20% bonus shall be payable on October 20, 2022.



During the year ended January 31, 2021, the Company received 432,500 shares of Exploits, a company controlled by the Company's Chief Executive Officer, at a fair value of \$142,025 as a loan fee (Note 3). The Company purchased 50,000 shares of Exploits, at a fair value of \$32,495 and sold 50,000 shares for \$33,312 resulting in a realized gain of \$15,227. At January 31, 2021, the fair value of the shares was \$203,275 using the quoted trading price. An unrealized gain on marketable securities of \$46,840 was recognized on profit or loss. During the year ended January 31, 2022, the Company sold 432,500 shares for \$212,977 resulting in a realized gain of \$56,542 and an unrealized loss of \$46,840.

During the year ended January 31, 2021, the Company purchased 400,000 units in Origen Resources Inc., a company controlled by the Company's Chief Executive Officer, at a fair value of \$72,000. Each unit consists of one common share and one common share purchase warrant. Each warrant may be exercised to purchase a additional common share at a price of \$0.22 on or before April 28, 2022. The fair value of the warrants was \$49,800 resulting in a gain on investment of \$49,800. The Company purchased an additional 427,000 shares in Origen Resources Inc., at a fair value of \$102,377 and sold 85,000 shares for \$11,972 resulting in a realized loss of \$3,328. At January 31, 2021, the fair value of the shares was \$170,660 using the quoted trading price. An unrealized gain on marketable securities of \$11,583 was recognized on profit or loss. During the year ended January 31, 2022, the Company purchased 496,500 shares at a fair value of \$137,158 and sold 708,500 shares for \$197,766 resulting in a realized gain of \$27,917 and an unrealized loss of \$11,583. The Company transferred 530,000 shares to Rain City Resources Inc. as compensation when the Company exercised 3,000,000 warrants of Rain City Resources Inc. resulting in a loss on investment of \$126,387. At January 31, 2022, the fair value of the warrants was \$25,500 resulting in a loss on investment of \$24,300.

## **LIQUIDITY AND CAPITAL RESOURCES AND CAPITAL EXPENDITURES**

At January 31, 2022, the Company had working capital deficiency of \$931,659 (2021 – working capital of \$371,857). Management of the Company is confident that it will have sufficient working capital to meet its anticipated financial obligations for the next fiscal year.

During the year ended January 31, 2022, cash flows used in operating activities was \$110,902 (2021 – \$544,626) relating to general operating expenses detailed on the statement of financial position (see [www.sedar.com](http://www.sedar.com)). The majority of these cash flows related to management, director and consulting fees.

During the year ended January 31, 2022, cash flows used in investing activities was \$1,655,443 (2021 - \$1,079,155). It consists primarily of proceeds on disposal of marketable securities and exploration and evaluation assets.

During the year ended January 31, 2022, cash flows provided by financing activities was \$1,769,000 (2020 – \$1,605,873). It consists primarily of proceeds received related to private placement.

During the period from February 1, 2021 to May 31, 2022, the Company had the following share capital transactions:

- (i) issued 62,500 common shares at a value of \$33,750 pursuant to the acquisition of Bentley Project.
- (ii) issued 31,250 common shares at a value of \$11,250 pursuant to the acquisition of Belle Property.
- (iii) issued 62,500 common shares at a value of \$22,500 pursuant to the acquisition of JD Property.
- (iv) closed a non-brokered private placement and issued 1,562,500 flow-through shares at \$0.48 per share for total proceeds of \$750,000.
- (v) closed the first tranche of a non-brokered private placement and issued 1,000,000 flow-through shares at \$0.40 per share for total proceeds of \$400,000.
- (vi) closed the second tranche of a non-brokered private placement and issued 1,000,000 flow-through shares at \$0.40 per share for total proceeds of \$400,000. A value of \$40,000 was attributed to the flow-through premium liability in connection with the financing. The Company incurred the flow-

through proceeds and accordingly, recorded \$40,000 as recovery of flow-through premium during the year ended January 31, 2022.

- (vii) closed the third and final tranche of a non-brokered private placement and issued 231,250 units at \$0.32 per unit for gross proceeds of \$74,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.48 for a term of five years expiring November 12, 2026.
- (viii) closed a non-brokered private placement and issued 3,050,000 units at \$0.20 per unit for gross proceeds of \$610,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.28 for a term of five years expiring March 9, 2027.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

## **PROPOSED TRANSACTIONS**

The Company is continually involved in the review and evaluation of mineral projects. However, no agreements with respect to the acquisition of any such mineral projects have yet been entered into, and there can be no assurance that the Company will, in fact, be successful in entering into any such agreements or acquiring interests in any additional mineral properties, even if a formal letter of intent to proceed with formal negotiations is executed.

As at the date of this MD&A, there are no proposed transactions where the Board of Directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with that have not been publicly disseminated.

## **ACCOUNTING POLICIES AND FUTURE ACCOUNTING POLICIES**

Please refer to the January 31, 2022 consolidated financial statements on [www.sedar.com](http://www.sedar.com) for details on accounting policies adopted in the year as well as future accounting policies.

## **FINANCIAL INSTRUMENTS AND FINANCIAL RISK**

The Company's financial instruments consist of cash, accounts receivable, loan payable, marketable securities and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted. See Note 8 of the Company's consolidated financial statements for the year ended January 31, 2022 for a discussion of the Company's risk exposure and the impact thereof on the Company's financial instruments.

The Company's cash at January 31, 2022 was \$4,827 and was primarily held at a major Canadian financial institution.

## **DISCLOSURE OF OUTSTANDING SHARE DATA (as at May 31, 2022)**

### Authorized Capital

Unlimited common shares without par value

### Issued and Outstanding Capital

17,942,352 common shares outstanding

## Warrants Outstanding

The following warrants were outstanding.

Expiry Date	Exercise Price	Number of warrants	Number of warrants Exercisable
February 5, 2023	\$1.20	125,000	125,000
September 22, 2026	\$0.48	1,000,000	1,000,000
October 12, 2026	\$0.48	1,000,000	1,000,000
November 12, 2026	\$0.48	231,250	231,250
March 9, 2027	\$0.28	3,050,000	3,050,000

## Escrow Shares

The Company had 52,500 shares held in escrow as at January 31, 2022 and December 30, 2021.

## **CHANGE IN MANAGEMENT**

On June 2021, the Company announced the appointment of Fred Tejada as Chief Executive Officer and President of the Company. The appointment of Fred Tejada followed the resignation of Michael Collins as Chief Executive Officer and President.

On July 19, 2021, the Company announced the appointment of Hector de los Santos as a director of the Company.

On August 17, 2021, the Company announced the appointment of Fred Tejada and Blake Morgan as directors of the Company and Michael Collins and Hector de los Santos resigned as directors of the Company.

On February 22, 2022, the Company announced the appointment of Alex McAulay as a director of the Company.