

LIDA RESOURCES INC.

Management's Discussion and Analysis

For the three and six months ended February 28, 2023 and 2022

(Expressed in Canadian dollars)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") reviews the financial condition and results of operations of Lida Resources Inc. (the "Company" or "Lida") for the three and six months ended February 28, 2023 and 2022. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and six months ended February 28, 2023 and 2022 (referred to hereafter as the "financial statements") and the audited consolidated financial statements for the years ended August 31, 2022 and 2021 and the notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and with the interpretations of the International Financial Reporting Interpretations Committee.

This discussion provides management's analysis of the Company's historical financial and operating results and provides estimates of the Company's future financial and operating performance based on information that is currently available. This discussion contains forward-looking statements that involve certain risks and uncertainties. See "Forward-Looking Statements and Cautionary Factors That May Affect Future Results".

The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The six months ended February 28, 2023 and 2022 are referred to as "YTD 2023" and "YTD 2022", respectively.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

The following MD&A has been prepared by management, in accordance with the requirements of NI 51-102 as at April 27, 2023.

OVERVIEW

This MD&A has been prepared by management and reviewed by the audit committee of the Board. For the purposes of preparing this MD&A, management, in conjunction with the Board, considers the materiality of information and evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting currency of the Company, unless specifically noted.

DESCRIPTION OF BUSINESS

The Company is an exploration stage company. The Company will need additional funding in the near future through either equity or debt financing to acquire new projects. Many factors influence the Company's ability to raise funds, including the health of the capital market, the climate for mineral exploration investment, and the Company's track record. Actual funding requirements may vary from those planned due to several factors, including the funding of new projects. Management is approaching all identifiable sources of equity capital, but there is no guarantee that the Company will be able to secure additional financings in the future at terms that are favourable.

The Company's shares are trading on the Canadian Securities Exchange under the symbol "LIDA".

HIGHLIGHTS

During the six months ended February 28, 2023, the Company:

- Entered into various promissory notes payable agreements for total proceeds of \$39,000. The promissory notes accrue interest at 10% per annum and are payable upon completion of a future financing; and
- The Company did not have any share capital transactions.

LIDA RESOURCES INC.**Management's Discussion and Analysis**

For the three and six months ended February 28, 2023 and 2022

OVERALL PERFORMANCE

There were no exploration activities during the three and six months ended February 28, 2023 due to the management decision not to pursue the San Vicente mineral property and to discontinue exploration. As at February 28, 2023, the Company had a working capital deficiency of \$1,185,152 (August 31, 2022 - \$933,210). The Company has not generated any revenues from operations and has an accumulated deficit of \$5,230,862 (August 31, 2022 - \$4,987,761).

MINERAL EXPLORATION PROJECTS**The San Vicente Mineral Property**

The Company, through its wholly owned Peruvian subsidiary, Imperium Mining S.A.C. ("Imperium"), is the holder of the San Vicente mineral property (the "Property"). The Property is located approximately 120 kilometres east of the coastal city of Trujillo, Peru in the District of Agallpampa, Province of Otuzco, region of La Libertad. Peru is well known for its copper, silver, zinc, and gold deposits and has an active mineral exploration industry. The area near San Vicente boasts several other exploration and production sites.

Access to the Property is 70 kilometres by paved road to the community of Otuzco and then a combination of gravel and clay roads to Chota where the property is located. Otuzco and the community of San Vicente Bajo La Union, which is in close proximity to the Property, are capable of providing basic services and amenities in the support of mineral exploration activities. The Property is located in the occidental area of the Tertiary Volcanic Belt of the western Cordillera and is underlaid by rocks of the Calipuy Formation, a precious and base metals metallotects formation found in Peru.

During the year ended August 31, 2022, the Company decided not to pursue the Property. Accordingly, management elected to discontinue exploration and the Property was fully written off during the year ended August 31, 2022. As a result, no exploration and evaluation activities were conducted during the six months ended February 28, 2023.

SELECTED FINANCIAL INFORMATION

The following financial data has been derived from the Company's financial statements:

| | Three months ended | | Six months ended | |
|----------------------------------|--------------------|-----------|---------------------|------------|
| | February 28, | | February 28, | |
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Financial results | | | | |
| Net loss | (164,616) | (132,227) | (243,101) | (213,507) |
| Basic and diluted loss per share | (0.06) | (0.05) | (0.09) | (0.08) |
| | | | February 28, | August 31, |
| | | | 2023 | 2022 |
| | | | \$ | \$ |
| Financial position | | | | |
| Total assets | | | 58,684 | 46,575 |
| Total liabilities | | | 1,243,836 | 979,785 |
| Working capital deficiency | | | (1,185,152) | (933,210) |

LIDA RESOURCES INC.
Management's Discussion and Analysis
For the three and six months ended February 28, 2023 and 2022

RESULTS OF OPERATIONS

The following tables summarize the results of operations from the Company's financial statements:

| | Three months ended | | Six months ended | |
|------------------------------------|--------------------|----------------------|------------------|----------------------|
| | 2023 | February 28, 2022 | 2023 | February 28, 2022 |
| | \$ | \$ | \$ | \$ |
| Operating expenses | | | | |
| Consulting fees | 30,000 | 30,000 | 60,000 | 60,000 |
| Exploration and evaluation costs | - | 43,920 | - | 69,127 |
| General and administrative | 7,987 | 2,572 | 15,924 | 15,173 |
| Professional fees | 111,540 | 31,020 | 138,768 | 35,500 |
| Transfer agent and regulatory fees | 3,900 | 16,663 | 6,800 | 20,708 |
| | 153,427 | 124,175 | 221,492 | 200,508 |
| Other expenses | | | | |
| Interest expense | 11,189 | 8,052 | 21,609 | 12,999 |
| Net loss | (164,616) | (132,227) | (243,101) | (213,507) |
| Currency translation adjustment | (3,396) | (3,635) | (8,841) | (6,106) |
| Loss and comprehensive loss | (168,012) | (135,862) | (251,942) | (219,613) |

For the three months ended February 28, 2023, the Company incurred a net loss of \$164,616 compared to \$132,227 in the prior year comparable period. Changes in net loss are mainly attributed to the following:

- Exploration and evaluation costs were \$nil compared to \$43,920 in the prior year comparable period, due to the decision of the Company's management to write off San Vicente Mineral Property in Peru in Q3 2022 that led to no exploration activities being conducted during Q2 2023.
- General and administrative was \$7,987 compared to \$2,572 in the prior year comparable period, due to lower expenses in Q2 2022 due to a recovery of rent expense of \$6,000 following the termination of the Company's office in Peru.
- Professional fees were \$111,540 compared to \$31,020 in the prior year comparable period, due to legal fees associated with the proposed amalgamation transaction and fees related to audit and accounting services in the current period.
- Transfer agent and regulatory fees were \$3,900 compared to \$16,663 in the prior year comparable period, due to higher fees incurred in Q2 2022 as a result of the delay in filing the annual financial statements for the years ended August 31, 2021 and 2020.
- Interest expense was \$11,189 compared to \$8,052 in the prior year comparable period, due to the issuance of promissory notes subsequent to Q2 2022 for the purposes of funding operations.

For the six months ended February 28, 2023, the Company incurred a net loss of \$243,101 compared to \$213,507 in the prior year comparable period. Changes in net loss are mainly attributed to the following:

- Exploration and evaluation costs were \$nil compared to \$69,127 in the prior year comparable period, due to the decision of the Company's management to write off San Vicente Mineral Property in Peru in Q3 2022 that led to no exploration activities being conducted during YTD 2023.
- Professional fees were \$138,768 compared to \$35,500 in the prior year comparable period, due to legal fees associated with the proposed amalgamation transaction and fees related to audit and accounting advisory services in the current period.
- Transfer agent and regulatory fees were \$6,800 compared to \$20,708 in the prior year comparable period, due to additional fees incurred in YTD 2022 as a result of the delay in filing annual financial statements for the years ended August 31, 2021 and 2020.
- Interest expense was \$21,609 compared to \$12,999 in the prior year comparable period, due to issuance of promissory notes subsequent to Q2 2022 for the purposes of funding operations.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected financial information for the last eight quarters:

| | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 |
|----------------------------------|-----------|----------|----------|-------------|
| | \$ | \$ | \$ | \$ |
| Net loss | (164,616) | (78,485) | (98,430) | (1,183,421) |
| Basic and diluted loss per share | (0.06) | (0.03) | (0.03) | (0.43) |

| | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 |
|----------------------------------|-----------|----------|-----------|-----------|
| | \$ | \$ | \$ | \$ |
| Net loss | (132,227) | (81,280) | (137,343) | (110,411) |
| Basic and diluted loss per share | (0.05) | (0.03) | (0.05) | (0.04) |

Discussion of results

Quarterly losses are correlated to the level of exploration activity in any given quarter. The net loss in Q3 2022 was primarily due to the Company's decision to not pursue the San Vicente mineral property in Peru and as a result, the carrying value of the property was fully written off. The Company's election to discontinue exploration in Peru led to the decrease in net losses during Q4 2022 and Q1 2023 as no exploration activities were conducted. Net losses during Q2 2022 and Q2 2023 were largely related to the professional fees comprising legal fees for the proposed transaction in the work during Q2 2023 as well as audit and accounting services incurred in connection with the audit of the Company's annual financial statements.

LIQUIDITY AND CAPITAL RESOURCES

The Company does not have sufficient working capital to continue operations in the normal course of business for the foreseeable future and will require additional financing to remain financially solvent.

As at February 28, 2023, the Company had cash of \$1,201 (August 31, 2022 - \$337) and a working capital deficiency of \$1,185,152 (August 31, 2022 - \$933,210). Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These uncertainties cast doubt on the Company's ability to continue as a going concern.

The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. While the Company's management has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the next twelve months and in the future.

For the six months ended February 28, 2023, the Company had net cash used in operating activities of \$38,116 (2022 - \$120,689).

For the six months ended February 28, 2023, the Company had net cash provided by financing activities of \$39,000 (2022 - \$125,000) from the proceeds from the issuance of promissory notes.

RELATED PARTY TRANSACTIONS

During the three and six months ended February 28, 2023, the Company incurred fees of \$7,500 and \$15,000, respectively (2022 - \$7,500 and \$15,000, respectively), recorded in general and administrative expenses, to a company controlled by the Chief Financial Officer ("CFO"). As at February 28, 2023, the Company had amounts due to the CFO of \$57,750 (August 31, 2022 - \$42,000) recorded in accounts payable and accrued liabilities.

As at February 28, 2023, the Company had amounts due from VP Operations of \$6,594 (August 31, 2022 - \$6,296), which was included in loans receivable.

All amounts due to related parties are non-interest bearing with no specific terms of repayment.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had 2,769,155 common voting shares issued and outstanding (February 28, 2023 - 2,769,155).

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

PROPOSED TRANSACTION

On April 11, 2023 the Company announced that its amalgamation agreement with Continental Potash Corp. has terminated and the transactions contemplated thereby will not proceed. For more information on the amalgamation agreement and the transactions contemplated thereby, please see the Company's news releases dated July 7, 2022, September 7, 2022, October 13, 2022 and December 7, 2022.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant estimates and judgments in applying the Company's financial statements include:

a) Critical accounting estimates

Deferred income tax assets and liabilities

Valuation of deferred tax assets requires the Company to estimate the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities. The Company applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

b) Critical accounting judgements

Going concern presentation

Management has determined that the going concern presentation of the financial statements, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due, as discussed in Note 1 of the Financial Statements, is appropriate.

Carrying value and recoverability of mineral interests

The application of the Company's accounting policy for mineral interests and exploration and evaluation expenditures requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the information becomes available.

Functional currency

Determination of functional currency may involve certain judgments regarding the primary economic environment. The Company reconsiders the functional currency of the group if there is a change in events and conditions that contributed to the initial assessment of the primary economic environment. Management has determined that the functional currency for the Company is the Canadian dollar, and the functional currency of the Company's Peruvian subsidiary is the Sol.

FINANCIAL INSTRUMENTS AND RISKS

a) Fair values

The Company's financial instruments consist of cash, loans receivable, accounts payable and accrued liabilities, and promissory notes payable are held at amortized cost. The carrying values of these financial instruments approximate their respective fair values due to the term of these instruments.

b) Credit risk

Credit risk is the risk of an unexpected loss if an exploration partner, counterparty or third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk through its cash and loans receivable. To reduce credit risk, cash is deposited at major financial institutions. The carrying value of the cash and loans receivable represents the maximum credit exposure. The Company minimizes credit risk by reviewing the credit risk of the counterparties to its arrangements on a periodic basis.

c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. All of the Company's financial liabilities have contractual maturities of less than 90 days. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at February 28, 2023, the Company's cash balance of \$1,201 (August 31, 2022 - \$337) will not be sufficient to meet its obligations related to its accounts payable and accrued liabilities balance of \$877,820 (August 31, 2022 - \$674,361), promissory notes payable balance of \$366,016 (August 31, 2022 - \$305,424). Therefore, the Company is exposed to liquidity risk and will be required to raise additional capital in the future to fund its operations. Liquidity risk has been assessed as high.

d) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by entering into fixed interest rate agreements. The Company is not exposed to interest rate risk.

Foreign currency risk

The Company is exposed to foreign currency risk, as certain monetary financial instruments are denominated in USD and S/. A summary of the Company's financial assets and liabilities that are denominated in USD and S/ is as follows:

| | February 28, 2023 | August 31, 2022 |
|--|------------------------------|--------------------|
| | \$ | \$ |
| Cash | 700 | 60 |
| Loans receivable | 6,594 | 6,296 |
| Accounts payable and accrued liabilities | (201,445) | (192,327) |

The Company has not entered any foreign currency contracts to mitigate this risk. A 5% increase or decrease in the United States dollar and the Peruvian sole exchange rates would result in a net impact of approximately \$11,000 to the Company's loss and comprehensive loss. The Company is exposed to significant foreign currency risk.

LIDA RESOURCES INC.

Management's Discussion and Analysis

For the three and six months ended February 28, 2023 and 2022

CAPITAL DISCLOSURES

The Company manages its capital with the objectives of maintaining its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of promissory notes payable and issued share capital.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company, upon approval from its Board of Directors, will balance its overall capital structure through issuance of new shares or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged since incorporation.

SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies and methods of computation are disclosed in the annual financial statements for the years ended August 31, 2022 and 2021.

RISKS AND UNCERTAINTIES

The Company is in the mineral exploration and development business and is exposed to a number of operational, financial, regulatory, and other risks and uncertainties that are typical in the natural resource industry and common to other companies in the exploration and development stage. These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company, or which are presently considered immaterial could adversely impact the Company's business, results of operations, and financial performance in future periods.

For a detailed listing of the risks and uncertainties faced by the Company, please refer to the Company's MD&A for the years ended August 31, 2022 and 2021.

FORWARD-LOOKING STATEMENTS AND CAUTIONARY FACTORS THAT MAY AFFECT FUTURE RESULTS

Certain statements contained in the following MD&A constitute forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements may include statements regarding work programs, capital expenditures, timelines, strategic plans, market price of commodities, or other statements that are not statement of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties, and other factors. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are as at February 28, 2023 and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Information concerning the interpretation of drill results may be considered forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The estimates, risks, and uncertainties described in this MD&A are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the Company's forward-looking statements. In addition, any forward-looking statements represent the Company's estimates only as at the date of this MD&A and should not be relied upon as representing the Company's estimates as at any subsequent date. The material factors and assumptions that were applied in making the forward-looking statements in this MD&A include: (a) execution of the Company's existing plans or exploration programs for each of its properties, either of which may change due to changes in the views of the Company, or if new information arises which makes it prudent to change such plans or programs; and (b) the accuracy of current interpretation of drill and other exploration results, since new information or new interpretation of existing information may result in changes in the Company's expectations. Readers should not place undue reliance on the Company's forward-looking statements, as the Company's actual

LIDA RESOURCES INC.

Management's Discussion and Analysis

For the three and six months ended February 28, 2023 and 2022

results, performance, or achievements may differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

Actual results or events could differ materially from the plans, intentions, and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties, and factors including: the possibility that opportunities will arise that require more cash than the Company has or can reasonably obtain; dependence on key personnel; dependence on corporate collaborations; potential delays; uncertainties related to eventual realization of value from a mineral property; uncertainties as to fluctuation of the stock market; uncertainty of estimates of capital and operating costs; the need to obtain additional financing and uncertainty as to the availability and terms of future financing; uncertainties as to fluctuations in currency exchange rates and the possibility of unanticipated costs or expenses or cost overruns; and other risks and uncertainties which may not be described herein. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.