

TEMAS RESOURCES CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

FORM 51-102F1

The following Management Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Temas Resources Corp. (hereinafter "Temas" or the "Company") for the years ended December 31, 2021 and 2020 and the notes thereto. The MD&A should be read in conjunction with the audited financial statements for the year ended December 31, 2021. The MD&A has been prepared effective April 22, 2022.

SCOPE OF ANALYSIS

The following is a discussion and analysis of Temas Resources Corp. The Company reports its financial results in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

FORWARD LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guaranteeing of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks Factors section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company may not provide updates or revise any forward-looking statements, except those otherwise required under paragraph 5.8(2) of NI 51-102, whether written or oral that may be made by or on the Company's behalf.

TRENDS

Other than as disclosed in this MD&A, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect on its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

GENERAL BUSINESS AND DEVELOPMENT

Temas Resources Corp. (formerly Clean Earth Chemical Corp. - the "Company") was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on June 25, 2018, under the name "Clean Earth Chemical Corp." On August 12, 2019, the Company changed its name to Temas Resources Corp. The Company is in the exploration stage with respect to its mineral property interest and has not yet achieved commercial production. The Company commenced trading on the Canadian Stock Exchange (CSE) on May 19, 2020, under the ticker TMAS and on OTCQB under the ticker TMAF on August 5, 2020.

The Company's head office and registered and records office is located at 520-999 West Hastings Street, Vancouver, British Columbia, V6C 2W2.

The Company is a reporting issuer in the Province of British Columbia. All public filings for the Company can be found on the SEDAR website www.sedar.com.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2021, the Company has a cash balance of \$2,010,936 compared to a cash balance of \$3,377,298 at December 31, 2020. The Company had working capital surplus of \$1,782,632 as at December 31, 2021 (December 31, 2020 - \$2,653,078).

The continuation of the Company as a going concern is dependent on its ability to raise additional capital or debt financing, including on reasonable terms, in order to meet business objectives towards achieving profitable business operations.

As at December 31, 2021, total issued and outstanding common shares: 70,566,628 (December 31, 2020 – 63,463,521).

On July 22, 2021, the Company issued 750,000 shares in connection with the exercise of options for gross proceeds of \$75,000.

On May 28, 2021, the Company issued 1,250,000 common shares for gross proceeds of \$125,000 through the exercise of share purchase warrants.

On April 20, 2021, the Company issued 80,500 common shares for gross proceeds of \$80,500 through the exercise of share purchase warrants.

On March 25, 2021, the Company issued 870,000 common shares in relation to its second drawdown from the Equity Investment Facility at a price of \$0.98 for total gross proceeds of \$852,600.

On March 23, 2021, the Company issued 1,000,000 common shares for gross proceeds of \$100,000 through the exercise of share purchase warrants.

On January 28, 2021, the Company issued 1,000,000 common shares for gross proceeds of \$100,000 through the exercise of share purchase warrants.

On January 6, 2021, the Company issued 300,000 common shares in relation to its first drawdown from the Equity Investment Facility at \$0.72 per share for total gross proceeds of \$214,800.

On December 23, 2020, the Company issued 1,000,000 flow-through common shares at a price of \$1.00 per share for gross proceeds of \$1,000,000. The Company paid cash share issuance costs of \$70,000 and issued 70,000 finder's warrants, exercisable at \$1.00 per common share.

On December 9, 2020, the Company issued 2,625,000 flow-through common shares at a price of \$1.00 per share for gross proceeds of \$2,625,000. The Company paid cash share issuance costs of \$183,700 and issued 183,750 finder's warrants, exercisable at \$1.00 per common share.

On December 1, 2020, the Company issued 1,250,000 common shares for gross proceeds of \$125,000 through the exercise of share purchase warrants.

On September 14, 2020, the Company issued 500,000 common shares for gross proceeds of \$50,000 through the exercise of share purchase warrants.

On August 28, 2020, the Company issued 165,000 common shares for gross proceeds of \$16,500 through the exercise of options.

On August 11, 2020, the Company issued 1,000,000 common shares for gross proceeds of \$100,000 through the exercise of share purchase warrants.

On February 25, 2020 and February 28, 2020, the Company issued 295,000 and 268,520 special warrants respectively at an issue price of \$0.10 per special warrant which included 200,000 special warrants as compensation in connection

with the offering (total of 763,520 special warrants) for gross proceeds of \$56,352. The special warrants were converted to common shares on May 19, 2020, in conjunction with the Company's shares listing on the Canadian Stock Exchange (CSE). On May 19, 2020, the Company issued 763,520 common shares in relation to the conversion of special warrants issued on February 25, 2020, and February 28, 2020.

Equity Investment Facility

On November 18, 2020, the Company entered into a \$5,000,000 equity investment facility with Crescita Capital. The Company can draw down funds from the \$5,000,000 equity investment facility from time to time during the three-year term at the Company's discretion by providing a drawdown notice to Crescita Capital, and in return for each drawdown notice funded by Crescita Capital, the Company will allot and issue fully paid common shares to Crescita Capital. To date, the Company has drawn \$1,217,400 on the facility and as at December 31, 2021, the remaining undrawn balance is \$3,782,600.

The shares issued in connection with any drawdown notice will be priced at the higher of (i) the floor price set by the Company and (ii) 90% of the average closing bid price resulting from the following ten days of trading after the drawdown notice ("Pricing Period"). The drawdown notice amount requested by the Company cannot exceed 700% of the average daily trading volume of the Pricing Period.

In connection with the equity investment facility, the Company paid a commitment fee. This fee consisted of a 3% commission to be paid in common shares, at a price of \$0.25 per share (610,000 shares valued at \$150,000) and warrants equal to 8% of the outstanding common shares of the Company (4,638,281 warrants valued at \$2,560,331). The warrants have an exercise price of \$0.25 per common share and expire three years from the grant date. The warrants were fair valued using the Black-Scholes Option Pricing Model using the following assumptions average risk-free interest rate - 0.29%; expected life - 3 years; expected volatility - 100.00%; forfeiture rate - Nil and expected dividends - Nil.

The value of the commitment fee was recorded as a deferred financing charge and is being amortized as share issue costs over the term of the equity investment facility, with amortization charges amounting to \$891,068 for the year ended December 31, 2021 (2020 - \$106,433). As at December 31, 2021, the carrying amount of the deferred financing charges is \$1,712,830.

Liability and Income Tax Effect on Flow-through Shares

Funds raised through the issuance of flow-through common shares are expected to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

In December 2020, the Company issued 3,625,000 flow-through common shares at \$1.00 per share for gross proceeds of \$3,625,000 and recognized an initial liability for flow-through shares of \$606,250. During the year ended December 31, 2021, the Company has spent \$875,989 of the flow-through funds and has recognized a flow-through recovery of \$146,502. As at December 31, 2021, the liability balance for flow-through shares is \$459,748.

EXPLORATION AND PROPERTY

La Blache Property, Quebec, Canada

On September 23, 2020, the Company purchased a 100% interest in the La Blache property in Core-Nord, Quebec from Cloudbreak Discovery Corp. and Cronin Services Ltd. (collectively known as "Vendors") for an aggregate of 20,000,000 shares in the Company, \$60,000 in cash payments and delivery of an NSR royalty of 2%, subject to the right of the Company to repurchase one-half of the NSR royalty (1%) for \$2,500,000 at any time. The 20,000,000 shares issued are subject to pooling restrictions as follows: 25% were released from the pool six months after the closing of the transaction (March 23, 2021) and the balance will be released 12 months thereafter (September 23, 2021).

DAB Property, Quebec, Canada

On January 15, 2020, the Company entered into an option agreement with Contigo Resources Ltd. (“Contigo”) to acquire a 100% interest in the 124 claims comprising the DAB property. Under the terms of the option agreement, the Company needs to undertake the following to exercise its option:

- make cash payments of \$25,000 (paid) on January 15, 2020 and \$50,000 (paid) on January 15, 2021 (paid); and
- issue 10,000,000 common shares of the Company to Contigo on January 15, 2020 (issued).

Per the terms of the option agreement, Contigo retains a 2% net smelter royalty (“NSR”) on the DAB property. The Company can purchase 50% of the NSR at any time for a cash payment of \$1,500,000.

Piskanja Borate Project, Serbia

On June 16, 2021, the Company entered into an option and joint venture agreement with Erin Ventures Inc. and Balkan Gold D.O.O. Temas has the right and option to earn up to a 50% undivided interest in the Piskanja Borate Project located in Serbia by incurring €10,500,000 in work expenditures on the project. As initial consideration for the option, the Company issued 250,000 common shares, valued at \$103,750, and 250,000 common share purchase warrants at a price of \$0.32 per share expiring August 4, 2025, valued at \$75,425.

Lac Brule, Quebec, Canada supplemental

To augment the Company’s claims acquired through staking, on August 19, 2021, the Company had entered into a purchase agreement to acquire a 100% interest in an additional mineral claim comprising the Lac Brule property. Under the terms of the agreement, the Company made a cash payment of \$10,000 and issued 50,000 common shares of the Company to the seller at a value of \$19,000. Per the terms of the option agreement, the seller retains a 1% net smelter royalty (“NSR”) on the additional mineral claim. The Company can purchase 50% of the NSR at any time for a cash payment of \$500,000.

The carrying value of the Company’s mineral properties is as follows:

	Lac Brule	La Blache	DAB	Piskanja	Total
December 31, 2020	- \$	5,660,000 \$	500,000	- \$	6,160,000
Acquisition costs	\$ 29,000	-	50,000	179,175	258,175
Claims Renewal fees		167,721			167,721
December 31, 2021	\$ 29,000	\$ 5,827,721	\$ 550,000	\$ 179,175	\$ 6,585,896

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated the titles to its exploration and evaluation assets and, to the best of its knowledge, the titles to its property are in good standing.

Supplemental information exploration expenditures	Year ended December 31, 2021				Year ended December 31, 2020			
	DAB	La Blache	Lac Brule	Total	DAB	La Blache	Lac Brule	Total
Exploration Supplies	-	123,708	-	123,708	-	-	-	-
Assaying	-	99,842	-	99,842	-	-	-	-
Metallurgical testing	-	120,000	-	120,000	-	-	-	-
Technical Services	-	17,385	-	17,385	-	-	-	-
Geological Consulting	350	422,130	22,400	444,880	1,000	65,107	4,068	70,175
	\$ 350	\$ 783,065	\$ 22,400	\$ 805,815	\$ 1,000	\$ 65,107	\$ 4,068	\$ 70,175

INVESTMENTS

On March 3, 2021, the Company paid USD\$100,000 (\$126,260 CAD) to acquire an exclusive licensing agreement with MetaLeach Limited for use of its leaching processes. The Company has treated this investment as an intangible asset and has capitalized the initial acquisition cost.

On March 26, 2021, the Company purchased a 50% interest in ORF Technologies Inc. ("ORF") for \$600,000. ORF Technologies Inc. holds a portfolio of patents related to mineral extraction. The Company has accounted for the investment in ORF using the equity method of accounting.

MetaLeach Technologies

Temas has signed an exclusive North American and European Licensing Agreement with MetaLeach Limited (www.metaleach.com) for its innovative leaching processes AmmLeach®, HyperLeach®, NickeLeach®, and MoReLeach® and others.

By licensing MetaLeach™ technology, the Company's objective is to provide the lowest cost processing of base metals. This is integral to the delivery of technologies and products for now and in the future, especially 'energy and battery' metals. This objective will be achieved through the commercialization of the proprietary & patented hydrometallurgical metals processing technologies ("Leaching Technologies").

The Leaching Technologies have the potential to revolutionize the extraction processes for many base metal deposits. Reducing capital and operating costs and/or improving recoveries, and hence enhancing operating margins at the mine site. Being capable of producing metal or high-value products on-site greatly enhances the mine gate economics compared to conventional concentrators. In addition, in many cases, the technologies will enable the treatment of base metals deposits which hitherto have not been possible to treat. The technologies are especially suitable for high-acid-consuming carbonate (oxide) hosted ores.

The merits of the Leaching Technologies and commercial adoption success are based on the potential for major operating and capital cost savings (expected to be a minimum of 30-40% vs. current technologies). This would be suitable and amenable for mines using the Leaching Technologies as the principal mineral processing method, to produce base metals or high-value products, at the mine site.

In addition, these Leaching Technologies offer other significant operating and environmental benefits, including a reduction in carbon footprint when compared to conventional processing methods. The base metals of most commercial importance are essential for supplying the raw materials for the electric vehicle revolution, energy generation and storage technologies allied with ESG (Environmental and Social Governance) policies that these Leaching Technologies targets are copper, nickel, cobalt and zinc.

ORF Technologies

Temas has finalized a 50% acquisition of ORF Technologies Inc. ORF has developed several patented, innovative leaching and solvent extraction processes. With the ORF transaction, in conjunction with MetaLeach™, Temas believes that these combined technologies will make a difference in helping to alleviate the significant environmental impact that results from present-day mineral processing.

Pursuant to the Acquisition, Temas acquired 50% of the outstanding shares of ORF in exchange for a cash payment of \$600,000. In closing, the parties entered into a shareholders' agreement governing their rights and obligations going forward, including development and dividend policies, and pre-emptive rights to existing shareholders to acquire positions of other existing shareholders. With the 50% acquisition of ORF, Temas' objectives are to achieve and provide the lowest cost processing alternative for specialty, strategic and rare earth metals producers.

Transaction Highlights:

- **COST-EFFICIENCIES:** TiO₂ technology developed by ORF proved to be 144.8% more cost-efficient than conventional processes. The Company anticipates comparable cost efficiencies in the production of nickel, iron, gold, rare earth metals and many more.
- **MORE ENVIRONMENTALLY FRIENDLY:** The Recovery Technologies offer a significant reduction in carbon footprint when compared to conventional processing methods.
- **COMPLEMENTARY ACQUISITIONS:** ORF provides a suite of technologies that will complement and work alongside the licensing agreement with Metaleach™. The ORF technology suite is also capable of supporting Temas Resources' internal La Blache projects as well as unrelated third-party mining projects.

The Company structured the acquisition to ensure the existing principals responsible for the development of the technologies at ORF would have a significant vested interest in the ongoing commercial success of the technologies. ORF was established as a holding company for the intellectual property developed by Process Research Ortech ("PRO"), a company established in 1990 during the privatization of the Ontario Research Foundation's ("ONT") metallurgical testing facilities. ONT was created as an independent corporation by a provincial Act in 1928.

For the year ended December 31, 2021, the Company recorded an equity loss of \$10,840 relating to its investment in ORF. As at December 31, 2021, the investment is recorded at \$589,160 (2020 - \$nil).

SHARE CAPITAL AND OUTSTANDING SHARE DATA

Common Shares

Authorized – Unlimited Common shares without par value.

Issued and Outstanding as at December 31, 2021: 70,566,628 (December 31, 2020: 63,463,521).

On September 13, 2021, the Company issued 50,000 common shares in accordance with the option agreement with Jérémie Provencher for the Lac Brule property. The shares were issued at a price of \$0.38 per share and had a value of \$19,000.

On August 9, 2021, the Company issued 308,823 common shares to a consultant of the company for marketing services. The shares were issued at a price of \$0.34 per share and had a value of \$105,000.

On August 5, 2021, the Company issued 250,000 common shares and 250,000 warrants in accordance with the option agreement with Erin Ventures Inc. and Balkan Gold D.O.O. for the Piskanja Borate Project. The warrants have been valued at \$75,425 using the Black Scholes valuation model.

On July 22, 2021, the Company issued 750,000 shares in connection with the exercise of options for gross proceeds of \$75,000.

On May 28, 2021, the Company issued 1,250,000 common shares for gross proceeds of \$125,000 through the exercise of share purchase warrants.

On April 20, 2021, the Company issued 80,500 common shares for gross proceeds of \$80,500 through the exercise of share purchase warrants.

On March 25, 2021, the Company issued 870,000 common shares in relation to its second drawdown from the Equity Investment Facility at a price of \$0.98 for total gross proceeds of \$852,600.

On March 23, 2021, the Company issued 1,000,000 common shares for gross proceeds of \$100,000 through the exercise of share purchase warrants.

On March 8, 2021, the Company issued 1,223,541 common shares at a price of \$1.03 per share for a total value of \$1,262,600 as payment pursuant to a marketing agreement

On January 28, 2021, the Company issued 1,000,000 common shares for gross proceeds of \$100,000 through the exercise of share purchase warrants.

On January 25, 2021, the Company issued 20,243 common shares at a price of \$1.26 per share for a total value of \$25,420 as payment pursuant to a marketing agreement.

On January 6, 2021, the Company issued 300,000 common shares in relation to its first drawdown from the Equity Investment Facility at \$0.72 per share for total gross proceeds of \$214,800.

For the year ended December 31, 2021, \$46,275 (2020 - \$10,181) value of options and \$22,106 (2020 - \$nil) value of warrants exercised originally recorded to contributed surplus at issuance was reclassified to share capital upon exercise.

On December 23, 2020, the Company issued 1,000,000 flow-through common shares at a price of \$1.00 per share for gross proceeds of \$ 1,000,000. The Company paid cash share issuance costs of \$70,000 and issued 70,000 finder's warrants, exercisable at \$1.00 per common share, and expire one year from the grant date.

On December 9, 2020, the Company issued 2,625,000 flow-through common shares at a price of \$1.00 per share for gross proceeds of \$2,625,000. The Company paid cash share issuance costs of \$183,700 and issued 183,750 finder's warrants, exercisable at \$1.00 per common share, and expire one year from the grant date.

On December 1, 2020, the Company issued 1,250,000 common shares for gross proceeds of \$125,000 through the exercise of share purchase warrants.

On November 27, 2020, the Company issued 610,000 common shares at a price of \$0.25 for a total value of \$150,000 as payment for a commitment fee to Crescita Capital in connection with the \$5,000,000 Equity Investment Facility.

On September 23, 2020, the Company issued 20,000,000 common shares (at a fair value of \$5,600,000) to Cloudbreak Discovery Corp. and Cronin Services Ltd. in equal parts in relation to the acquisition of La Blache property in Quebec.

On September 14, 2020, the Company issued 500,000 common shares for gross proceeds of \$50,000 through the exercise of share purchase warrants.

On August 28, 2020, the Company issued 165,000 common shares for gross proceeds of \$16,500 through the exercise of options.

On August 11, 2020, the Company issued 1,000,000 common shares for gross proceeds of \$100,000 through the exercise of share purchase warrants.

On May 19, 2020, the Company issued 763,520 common shares in relation to the conversion of special warrants issued on February 25, 2020, and February 28, 2020.

On January 15, 2020, the Company issued 10,000,000 common shares (at a fair value of \$500,000) to Contigo in relation to the Option Agreement to acquire 100% interest in the DAB property. These shares are subject to a 12-month escrow commencing May 19, 2020.

Stock Options

As at December 31, 2021, the Company has 4,970,000 stock options (December 31, 2020: 5,615,000) outstanding with 4,477,917 stock options exercisable.

Number of Options	Weighted Average Exercise Price	Remaining Life (In Years)	Expiry Date
1,985,000	0.10	1.23	March 26, 2023
2,000,000	0.72	1.84	November 3, 2023
635,000	1.10	2.19	March 9, 2024
350,000	0.52	2.46	June 15, 2024
4,970,000	0.51		

On July 22, 2021, the Company issued 750,000 shares in connection with the exercise of options for gross proceeds of \$75,000.

On June 15, 2021, the Company issued 350,000 stock options to a consultant of the Company. Each option is exercisable at \$0.52 per common share with a three-year term. The options were vested immediately. Share-based payments of \$112,210 have been recorded for the year ended December 31, 2021 in connection with the issuance of these options. The options were fair valued using Black-Scholes Option Pricing Model using the following assumptions: average risk-free rate – 0.50%; expected life – 3 years; expected volatility – 100.00%; forfeiture rate - Nil and expected dividends – Nil.

On March 9, 2021, the Company issued 635,000 stock options to consultants of the Company. Each option is exercisable at \$1.10 per common share and has a three-year term. The options vest 25% each quarter over the next 12 months. Share-based payments of \$404,558 have been recorded during the year ended December 31, 2021, in connection with the issuance of these options. The options were fair valued using the Black-Scholes Option Pricing Model using the following assumptions average risk-free interest rate - 0.28%; expected life - 3 years; expected volatility - 100.00%; forfeiture rate - Nil and expected dividends - Nil.

On November 3, 2020, the Company issued 2,250,000 stock options to directors, officers, employees and consultants of the Company. Each option is exercisable at \$0.71 per common share and has a three-year term. Of these options, 1,250,000 vested immediately, and the remaining 1,000,000 vests 33.33% on the grant date, and 33.33% on each of the 12 and 24-month anniversaries of the grant date. Share-based payments of \$195,353 have been recorded in connection with the issuance of these options for the year ended December 31, 2021. . The options were fair valued using the Black-Scholes Option Pricing Model using the following assumptions average risk-free interest rate - 0.30%; expected life - 3 years; expected volatility - 100.00%; forfeiture rate - Nil and expected dividends - Nil.

On June 3, 2020, the company entered into an agreement with CorpComm Limited (“Corpcomm”) to provide investor relations services to the Company for a period of 12 months commencing June 15, 2020. Compensation for the agreement consists of \$10,000 per month plus the Company issuing stock options to acquire 630,000 shares of the Company at a price of \$0.105 per share vesting evenly over 12 months with an expiration date of December 15, 2021. As of December 31, 2021, a total of 630,000 options have expired unexercised.

On March 26, 2020, the Company issued 2,900,000 stock options to directors, officers, employees and consultants of the Company. Each option is exercisable at \$0.10 per share and has a three-year term. All the options were vested immediately. Share-based payments of \$178,930 have been recorded in connection with the issuance of these options. The options were fair valued using Black-Scholes Option Pricing Model using the following assumptions average risk-free interest rate - 0.68%; expected life - 3 years; expected volatility - 100.00%; forfeiture rate - Nil and expected dividends - Nil.

Share Purchase Warrants

For the period ended December 31, 2021, total share purchase warrants outstanding are as follows:

Number of Warrants	Weighted Average Exercise Price	Remaining Life (In Years)	Expiry Date
2,500,000	0.10	0.66	August 30, 2022
4,275,000	0.10	0.92	November 30, 2022
4,638,281	0.25	1.91	November 27, 2023
250,000	0.32	3.59	August 4, 2025
11,663,281	0.16		

During the year ended December 31, 2021, 3,250,000 warrants were exercised at \$0.10 per common share for gross proceeds of \$325,000 and 80,500 warrants were exercised at \$1.00 per common share for gross proceeds of \$80,500.

RESULTS OF OPERATIONS

SELECT FINANCIAL INFORMATION

During the year ended December 31, 2021, the Company incurred a net loss of \$3,577,932 (2020 - \$1,842,696 net loss). Included in the period ended December 31, 2021 loss was share-based payments of \$750,704 (2020 - \$1,219,196) for the issuance of options to management and consultants and \$752,329 (2020 - \$242,700) for consulting fees which increased as the Company became more active during the year. Investor relation fees of \$1,332,508 were also incurred (2020 - \$83,398) which is up significantly as the Company is trying to increase market awareness.

During the year ended December 31, 2021, the Company also incurred exploration expenditures of \$805,815 (2020 - \$70,175) to plan the next phase of exploration as well as the testing the metallurgy of the samples obtained from its properties in Quebec.

SUMMARY OF FINANCIAL RESULTS FOR MOST RECENTLY COMPLETED PERIODS

The following table summarizes the financial results of operations for the period ended December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
	\$	\$
Expenses	(3,718,535)	(1,842,696)
Net loss	(3,577,932)	(1,842,696)
Loss per share - basic & diluted	(0.05)	(0.04)

RELATED PARTY TRANSACTIONS

Key management personnel at the Company are the directors and officers of the Company.

During the year ended December 31, 2021, the Company incurred:

- Consulting fees of \$220,000 (2020 - \$170,000) to a company owned by a director of the Company;
- Mineral property acquisition costs of \$Nil (2020 - \$5,660,000) to companies with a common director (Note 6);
- General and administrative expenses of \$20,000 (2020 - \$nil) to a company with a common director

- Consulting fees paid to a former director \$60,000 (2020 - \$Nil)
- Consulting fees paid to directors or officers \$130,488 (2020 - \$Nil)
- Payroll of \$180,000 (2020 - \$33,000) to an officer of the Company; and
- Share-based payments of \$370,563 (2020 - \$625,337) to officers, directors and companies with common officers and directors.

As at December 31, 2021, loans receivable includes:

- \$Nil (2020 – \$30,033) due from a company owned by a director of the Company.
- \$93,605 (2020 – \$Nil) due from ORF Technologies Inc.

All loans and receivables are non-interest bearing and due on demand.

As at December 31, 2021, loans accrued include:

- \$Nil (2020 – \$61,000) due to a company with a former common director.
- \$70,000 (2020 – \$Nil) due to ORF Technologies Inc.

All related party transactions are in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

SUBSEQUENT EVENTS

On January 7, 2022, the Company loaned €86,700 to Balkan Gold D.O.O in relation to a loan agreement dated December 16, 2021. Pursuant to the loan agreement, the Company will lend Balkan Gold €750,000 in one or more installments on an as-needed basis. This loan is non-interest bearing and Balkan Gold must repay the loan within one year of each payment received. However, in lieu of cash repayment, the Company can convert the receivable into the share capital of Balkan Gold in an amount to be determined between the parties.

On February 2, 2022, the Company granted 650,000 stock options to various directors, officers, and consultants of the Company at an exercise price of \$0.14 per option. The options will expire in five years and vested immediately on the grant date.

On March 14, 2022, David Kwok was appointed as the Company's new CFO while David Robinson, the previous CFO, joined the Board of Directors. The Company granted 150,000 stock options to Mr. Kwok exercisable at \$0.12 per option for a period of three years. All options are vested immediately.

CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for financial instruments classified in accordance with measurement standards under IFRS. All dollar amounts presented are in Canadian dollars unless otherwise specified. The condensed interim financial statements have been prepared using IFRS principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due.

Income Taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income of loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period

applicable to the period of expected realization or settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the assets and liabilities on a net basis. Deferred tax assets and liabilities are offset when there is a legally right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the group intends to settle its current tax assets and liabilities on a net basis.

Significant Accounting Judgments and Estimates

The preparation of these financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Certain of the Company's accounting policies and disclosures require key assumptions concerning the future and other estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or disclosures within the next fiscal year. Where applicable, further information about the assumptions made is disclosed in the notes specific to that asset or liability. The critical accounting estimates and judgments set out below have been applied consistently to all periods presented in these financial statements.

- a) Ability to continue as a going concern – evaluation of the ability of the Company to realize its strategy for funding its future needs for working capital involves making judgments.
- b) Investment in associate – determination of ORF as an associate of the Company requires making judgments about ownership and control.
- c) Intangible Asset – Intangible asset is depreciated over the estimated useful life of the asset to the asset's estimated residual value as determined by management. Assessing the reasonableness of the estimated useful life, residual value and the appropriate depreciation methodology requires judgment and is based on management's experience and knowledge of the industry.
- d) Impairment – an evaluation of whether or not an asset is impaired involves consideration of whether indicators of impairment exist. Factors which could indicate impairment exists include: significant underperformance of an asset relative to historical or projected operating results, significant changes in the manner in which an asset is used or in the Company's overall business strategy, the carrying amount of the net assets of the Company being more than its market capitalization or significant negative industry or economic trends. In some cases, these events are clear. However, in many cases, a clearly identifiable event indicating possible impairment does not occur. Instead, a series of individually insignificant events occur over a period of time leading to an indication that an asset may be impaired. Events can occur in these situations that may not be known until a date subsequent to their occurrence. When there is an indicator of impairment, the recoverable amount of the asset is estimated to determine the amount of impairment, if any. If indicators conclude that the asset is no longer impaired, the Company will reverse impairment losses on assets only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Similar to determining if an impairment exists, judgment is required in assessing if a reversal of an impairment loss is required.

Investment in Associate

Investments in which the Company has the ability to exert significant influence, but does not have control, are accounted for using the equity method of accounting whereby the original cost of the investment is adjusted each reporting period for the Associate's share of earnings, losses, dividends and other changes to the investment's capital structure during the current reporting period.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Set out below is a comparison, by category, of the carrying amounts and fair values of all of the Company's financial instruments that are carried in the condensed interim financial statements and how the fair value of financial instruments is measured.

Financial and Capital Risk Management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are described below.

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - inputs that are not based on observable market data.

The Company enters financial instruments to finance its operations in the normal course of business.

The Company has no financial instruments carried at fair value. The Company's cash, accounts receivable, loan receivable, accounts payable and accrued liabilities and loan payable are recorded at fair value and subsequently measured at amortized cost.

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risks is minimal.

Credit risk

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company maintains cash deposits with Schedule A financial institution, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates, but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise the required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for all information contained in this report. The December 31, 2021 financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Only investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment should undertake such investment. Prospective investors should carefully consider the risk and uncertainties that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this discussion, including information as to future activities, events and financial or operating performance of the Company and its projects, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated activities, events or results implied or expressed in such forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", or variations of such words and phrases. Forward-looking information may also be identified in statements where certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made.

Many factors could cause actual activities and events and the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. These include metal prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions.

These forward-looking statements are made as of the date hereof and the Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise. Investors are cautioned that forward-looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

OTHER INFORMATION

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