



(AN EXPLORATION STAGE COMPANY)

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEARS ENDED MAY 31, 2021 AND 2020

(EXPRESSED IN CANADIAN DOLLARS)



BLACK SHIELD

METALS CORP.

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GENERAL

The following Management's Discussion and Analysis ("MD&A") is presented as at August 10, 2021 and provides an analysis of the financial results of Black Shield Metals Corp. ("BSM" or the "Company") for the years ended May 31, 2021 and 2020. It should be read in conjunction with the Company's financial statements for the years ended May 31, 2021 and 2020. The Company's audited financial statements and the financial information contained in this MD&A were prepared in accordance with IFRS. Additional information relating to the Company can be found on SEDAR at www.sedar.com.

The MD&A, particularly under the heading "Capital Resources", contains forward-looking statements that involve numerous risks and uncertainties. Forward-looking statements are not historical fact, but rather are based on the Company's current plans, objectives, goals, strategies, estimates, assumptions, and projections about the Company's industry, business and future financial results. The Company's actual results could differ materially from those discussed in such forward-looking statements.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements and forward-looking information (collectively, "**forward-looking statements**"). Such forward-looking statements relate to possible events, conditions or financial performance of the Corporation based on future economic conditions and courses of action. All statements other than statements of historical fact are forward-looking statements. The use of any words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "will likely result", "are expected to", "will continue", "is anticipated", "believes", "estimated", "intends", "plans", "projection", "outlook" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes there is a reasonable basis for the expectations reflected in the forward-looking statements, however no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this prospectus should not be unduly relied upon by investors. The forward-looking statements speak only as of the date of this prospectus and are expressly qualified, in their entirety, by this cautionary statement.

COMPANY OVERVIEW

Black Shield Metals Corp. was incorporated in British Columbia, Canada on October 13, 2017. The Company is a junior mining company and has been engaged in the acquisition, exploration, development and mining of mineral properties. The Company has entered into an option agreement with Cariboo Rose Resources Ltd. ("CRR") whereby BSM will receive a 60% interest and up to 10% additional interest in a carbonate hosted gold ("CHG") project with CRR located in British Columbia.

The registered and records office is 1500-1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.



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In April 2021, the Company completed its listing with the Canadian Securities Exchange ("CSE") and an initial public offering ("IPO") of common shares in the capital of the Company.

The Company retained Haywood Securities Inc. (the "Agent") to solicit subscriptions for minimum offering of 4,000,000 common shares for aggregate gross proceeds of \$400,000 and up to a maximum offering amount of 5,000,000 common shares for aggregate proceeds of \$500,000, at a price of \$0.10 per common share. The Company has also agreed to grant the Agent an over-allotment option (the "Over-Allotment Option") which will entitle the Agent to purchase up to 750,000 common shares (the "Over-Allotment Shares") at the Issue Price per Over-Allotment Share, at the discretion of the Agent for a period of 48 hours prior to the closing of the IPO (the "Closing") assuming that the Maximum Offering is achieved. The Company has agreed to pay the Agent a cash commission of 10% of the gross proceeds raised under the IPO. The Company will also issue to the Agent, warrants (the "Agent's Warrants") entitling the Agent to purchase that number of common shares (the "Agent's Warrant Shares") that is equal to 10% of the number of common shares sold and issued under the IPO. Each Agent's Warrant entitles the holder to purchase one Agent's Warrant Share at the Issue Price for a period of 24 months following the Closing. The Company shall also pay the Agent a corporate finance fee of \$35,000 (of which \$10,000 has already been paid) and expenses plus taxes, incurred pursuant to the IPO.

On April 8, 2021, the Company closed its IPO with an issuance of 5,750,000 shares, including 750,000 shares issued pursuant to the exercise of Over-Allotment Option, at a price of \$0.10 per share for gross proceeds of \$575,000.

In addition, the Company paid \$57,500 as cash commission and \$35,000 as corporate finance fee to the Agent, and issued 575,000 Agent's Warrants at a price of \$0.10 until April 8, 2023. The Agent exercised its over-allotment option in full, pursuant to which it arranged for purchasers of 750,000 shares.

GOING CONCERN

This MD&A and the Financial Statements have been prepared on the basis that the Company will remain a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business for the Company's next fiscal year. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

The Company has not advanced its property to commercial production and is not able to finance its day-to-day activities through operations. The Company's ability to continue as a going concern is dependent upon successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Therefore, this indicates a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.



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As a result of the above, realization values may be substantially different from the carrying values shown and the Company's financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of the assets and liabilities should the Company be unable to continue as a going concern.

OVERALL PERFORMANCE

The following discussion of the Company's financial performance is based on the audited financial statements for the years ended May 31, 2021 and 2020.

The statement of financial position as of May 31, 2021 indicates a cash position of \$376,756 (May 31, 2020 - \$68,048), and total current assets of \$436,012 (May 31, 2020 - \$78,060). Total current assets comprise primarily of cash in bank accounts, GST receivables and prepaid expenses. The increase in cash as at May 31, 2021 was due to the financing conducted in April 2021.

Black Shield Metals Corp. completed an IPO for cash proceeds during the year ended May 31, 2021; 5,750,000 common shares were issued for total gross proceeds of \$575,000. The Company completed two equity private placement offerings for cash proceeds during the year ended May 31, 2020; 3,300,000 common shares were issued for total gross proceeds of \$87,000.

Current liabilities at May 31, 2021 totaled \$121,634 (May 31, 2020 - \$63,775), which comprised mainly of trade payables, accrued liabilities and other payables. The Company does not have any long-term liabilities as at May 31, 2021 and 2020. Shareholders' equity, as at May 31, 2021, is comprised of capital stock of \$547,712 (May 31, 2020 - \$87,100), reserves of \$71,755 (May 31, 2020 - \$nil) and accumulated deficit of \$285,089 (May 31, 2020 - \$52,815). As at May 31, 2021, working capital, which is current assets less current liabilities, was \$314,378 (May 31, 2020 - \$25,535). Working capital as at May 31, 2021 increased due to the funds raised in the April 2021 IPO. Management believes that there is sufficient working capital to maintain the Company's day-to-day operations for the next 12 months, however, the Company will need to raise additional funds through issuance of debt or equity instruments for exploration of its mineral properties.



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RESULTS OF OPERATIONS

Selected Annual Financial Data

The following sets out selected financial information from the Company's most recently completed financial period, being the years ended May 31, 2021, 2020 and 2019, and are derived from, and should be read together with the Company's annual financial statements.

Summary of Components of Statements of Operations and Comprehensive Loss	Year ended May 31, 2021		Year ended May 31, 2020		Year ended May 31, 2019	
Operating expenses	\$	232,274	\$	52,715	\$	43
Net loss and comprehensive profit (loss)	\$	(232,274)	\$	(52,715)	\$	(100)
Earnings (loss) per share	\$	(0.06)	\$	(0.16)	\$	(100)
Total assets	\$	456,012	\$	98,060	\$	-
Total liabilities	\$	121,634	\$	52,525	\$	-
Retained earnings (deficit)	\$	(285,089)	\$	(52,815)	\$	(100)

Selected Quarterly Financial Data

The following table sets forth selected financial information for the Company for the eight most recently completed quarters. Such information is derived from unaudited financial statements and audited annual financial statements prepared by management in accordance with IFRS.

	May 31, 2021 (\$)	Feb 28, 2021 (\$)	Nov 30, 2020 (\$)	Aug 31, 2020 (\$)
Total Expenditures	195,804	9,703	20,478	6,289
Net Loss	(195,804)	(9,703)	(20,478)	(6,289)
Loss per Share	(0.05)	(0.00)	(0.01)	(0.00)
Total Assets	456,012	45,393	46,446	64,533
Working Capital	270,566	(22,185)	(1,232)	19,246

	May 31, 2020 (\$)	Feb 29, 2020 (\$)	Nov 30, 2019 (\$)	Aug 31, 2019 (\$)
Total Expenditures	52,715	-	-	-
Net Loss	(52,715)	-	-	-
(Gain) Loss per Share	(0.16)	-	-	-
Total Assets	98,060	-	-	-
Working Capital	14,285	-	-	-



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Results for the Three Months ended May 31, 2021

During the three months ended May 31, 2021, the expenses of the Company were mainly filing fees as well as professional fees whereby the Company incurred \$58,735 in filing fees the three months ended May 31, 2021 (May 31, 2020 - \$nil) and \$97,910 in professional fees (May 31, 2020 - \$22,986). The company reported a net loss of \$195,804 during the three months ended May 31, 2021 and \$52,715 during the three months ended May 31, 2020.

Results for the Year ended May 31, 2021

During the years ended May 31, 2021 and 2020, the Company was focused on properly setting up of its organization and finding mineral properties. Expenses of the Company were mainly exploration and evaluation costs, filing fees as well as professional fees whereby the Company incurred \$770 (May 31, 2020 - \$29,527) in exploration and evaluation costs, \$76,088 (May 31, 2020 - \$nil) in filing fees and \$110,874 (May 31, 2020 - \$22,986) in professional fees. The Company reported a net loss of \$232,274 during the year ended May 31, 2021 and \$52,715 during the year ended May 31, 2020.

OUTLOOK

The Company has not yet determined whether its current exploration and evaluation assets have economically recoverable ore reserve. The Company aims to continue to seek potential mineral properties and bring these properties from exploration to commercial production.

The Company intends to raise funds in order to secure its interests in CHG project as well as actively seeking other properties. Ultimately, the Company anticipates creating shareholder value through the advancements of its current CHG project, and other projects as they come along.

LIQUIDITY AND CAPITAL RESOURCES

The Company does not generate cash from operations and finances its activities by raising funds via issuance of the Company's common shares.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2021, the Company's cash balance was \$376,756 (May 31, 2020 - \$68,048) and the Company had working capital of \$314,378 (May 31, 2020 - \$25,535).

Financing Activities

In April 2021, the Company issued 5,750,000 common shares at a price of \$0.10 for gross proceeds of \$575,000.

In May 2020, the Company issued 700,000 common shares at a price of \$0.05 for gross proceeds of \$35,000.



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In April 2020, the Company issued 2,600,000 common shares at a price of \$0.02 for gross proceeds of \$52,000.

Investing Activities

CHG Project (BC, Canada)

On March 23, 2020, BSM entered into an option agreement with Cariboo Rose Resources Ltd. ("CRR"), an unrelated company, to grant BSM a 60% interest and up to 10% additional interest in CRR's carbonate hosted gold ("CHG") project.

Under the agreement, BSM is required to make payments and incur the minimum required expenditures in accordance to the following payment schedule:

Payment Period	Expenditures	Cash Payment
Closing Date	\$ -	\$ 20,000
On or before October 29, 2021	100,000	30,000
On or before October 29, 2022	200,000	30,000
On or before October 29, 2023	300,000	70,000
On or before October 29, 2024	400,000	70,000
On or before October 29, 2025	500,000	80,000
Total	\$ 1,500,000	300,000

In order to obtain the additional 10% interest, BSM must make the following payments to CRR:

- \$100,000 within 60 days of exercising the option;
- BSM to commission a feasibility study within 60 days of exercising the option;
- \$200,000 on or before October 29, 2026;
- \$200,000 on or before October 29, 2027;
- The feasibility study is to be completed within 24 months following the exercise of the option.

As at May 31, 2020, the Company had exercised its option by making the first payment of \$20,000 to CRR.

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard our ability to continue as a going concern in order to support the Company's operations and growth strategies for the benefit of the Company's stakeholders. As the Company is in its development stage, our principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of equity as well as cash and restricted cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or



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adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and investments.

The Company is not subject to externally imposed capital requirements and our overall strategy with respect to capital risk management remains unchanged during the period presented.

CAPITAL STRUCTURE

As at the date of this MD&A, the Company has 9,050,001 common shares issued and outstanding.

On Apr 8, 2021, the Company closed its IPO with an issuance of 5,750,000 shares, including 750,000 shares issued pursuant to the exercise of Over-Allotment Option, at a price of \$0.10 per share for gross proceeds of \$575,000. In addition, the Company paid \$57,500 as cash commission and \$35,000 as corporate finance fee to the Agent, and issued 575,000 Agent's Warrants at a price of \$0.10 until April 8, 2023. The Agent exercised its over-allotment option in full, pursuant to which it arranged for purchasers of 750,000 shares.

On April 12, 2021, the Company granted an aggregate of 310,000 stock options to the directors and officers of the company to purchase 310,000 common shares in the capital of the company pursuant to the company's share option plan. The options are exercisable at an exercise price of \$0.10 per share for a period of 10 years from the date of grant.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

Refer to Note 12 of the Company's financial statements for the years ended May 31, 2021 and 2020.

RISK FACTORS

The Company's business is subject to the risks set out below. Please see the section titled "*Risk Factors*" in the Company's Prospectus for additional risk factors.

Financing of Existing and Future Operations

With no source of revenue, the Company has negative cash flow from operations and raises funds for operations through equity financings. The Company's ability to raise funds for existing and continuing operations and future exploration and development of its properties cannot be guaranteed.



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Mining Industry

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that any exploration programs planned by the Company will result in a profitable commercial mining operation. Whether a mining deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of ore, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

The Company's mineral exploration activities are directed towards the search, evaluation and development of mineral deposits. There is no certainty that the expenditures to be made by the Company as described herein will result in discoveries of commercial quantities of ore. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

Government Regulation

The exploration activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste.



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Although the Company's exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration, mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

Permits and Licenses

The exploitation and development of mineral properties may require the Company to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that may be required to carry out exploration, development and mining operations on its properties.

Environmental Risks and Hazards

All phases of the Company's mineral exploration operations are subject to environmental regulation in jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, which have been caused, by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.



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RELATED PARTY TRANSACTIONS

Refer to Note 10 to the Company's financial statements for the years ended May 31, 2021 and 2020.

CRITICAL ACCOUNTING ESTIMATES

Refer to Note 3 to the Company's financial statements for the years ended May 31, 2021 and 2020.

FUTURE CHANGES IN ACCOUNTING POLICIES

Refer to Note 4 to the Company's financial statements for the years ended May 31, 2021 and 2020.