



**LAKWOOD  
EXPLORATION INC.**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**FOR THE NINE MONTHS ENDED JUNE 30, 2021**

## Table of Contents

INTRODUCTION.....	2
FORWARD - LOOKING INFORMATION .....	2
COMPANY OVERVIEW.....	2
INITIAL PUBLIC OFFERING .....	3
ACQUISITION OF SILVER HAMMER MINING CORP.....	3
COVID-19.....	4
2021 HIGHLIGHTS .....	4
PROPOSED TRANSACTION .....	5
DESCRIPTION OF BUSINESS.....	5
CHANGE IN MANAGEMENT .....	6
SELECTED INFORMATION.....	7
RESULT OF OPERATIONS.....	7
LIQUIDITY AND CAPITAL RESOURCES .....	8
OUTSTANDING SHARE DATA .....	8
SUBSEQUENT EVENTS.....	10
RELATED PARTY TRANSACTIONS AND BALANCES .....	10
OFF-BALANCE SHEET FINANCING ARRANGEMENTS.....	11
CRITICAL ACCOUNTING ESTIMATES.....	11
NEW ACCOUNTING STANDARDS .....	11
COMMITMENTS .....	11
FINANCIAL INSTRUMENTS .....	11
RISKS AND UNCERTAINTIES .....	12
MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS .....	12

## **INTRODUCTION**

This Management Discussion and Analysis (the “MD&A”) of Lakewood Exploration Inc.’s (“Lakewood” or the “Company”) financial position and results of operations for the nine months ended June 30, 2021 is prepared as at August 30, 2021. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company and the notes relating thereto, for the nine months ended June 30, 2021. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All financial amounts are stated in Canadian currency unless stated otherwise. Additional information relating to the Company is filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## **FORWARD - LOOKING INFORMATION**

This MD&A may contain forward-looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of exploration or other risk factors beyond its control. Actual results may differ materially from the expected results.

Except for statements of historical fact, this MD&A contains certain “forward-looking information” within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate” and other similar words, or statements that certain events or conditions “may” or “will” occur. In particular, forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events and is subject to certain risks, uncertainties and assumptions. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, which are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in commodity prices; governmental regulation of the mining industry, including environmental regulation; geological, technical and drilling problems; unanticipated operating events; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for commodities; liabilities inherent in mining operations; changes in tax laws and incentive programs relating to the mining industry; and the other factors described herein under “Risks and Uncertainties” as well as in our public filings available at [www.sedar.com](http://www.sedar.com). Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

## **COMPANY OVERVIEW**

Lakewood Exploration Inc. (the “Company”) was formed on May 2, 2017 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is 200-551 Howe Street, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at June 30, 2021, the Company holds an interest in an early-stage mineral exploration property and the Company had not yet determined whether the Company's mineral property asset contains a deposit of minerals that is economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a deficit of \$1,451,205 as at June 30, 2021, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

#### **INITIAL PUBLIC OFFERING**

On April 30, 2021, the Company completed the initial public offering of common shares through its agent, Canaccord Genuity Corp. (the "Agent"). The offering of 3,000,000 common shares (the "Offering") was fully subscribed for gross proceeds of \$300,000. In consideration for the Agent's services provided in connection with the Offering, the Company paid a cash commission of \$24,000 and a corporate finance fee of \$7,500. The Company also issued the Agent and a member of its selling group an aggregate of 240,000 non-transferable and non-assignable warrants to purchase common shares of the Company (the "Agent's Warrants"). Each Agent's Warrant is exercisable to purchase one common share for a price of \$0.10 per common share until April 30, 2023.

The Company's common shares were listed on the Canadian Securities Exchange on April 29, 2021 and began trading under the symbol "LWD" on May 3, 2021 (the "Listing Date").

#### **ACQUISITION OF SILVER HAMMER MINING CORP.**

On June 16, 2021, the Company completed the acquisition (the "Acquisition") of all the issued and outstanding securities of Silver Hammer Mining Corp. ("Silver Hammer") pursuant to the terms of a share exchange agreement dated May 31, 2021 (the "Definitive Agreement") between the Company, Silver Hammer and the shareholders of Silver Hammer.

In connection with the Acquisition, the Company issued an aggregate of 7,800,000 common shares in the capital of the Company (the "SH Payment Shares") pro rata to the Silver Hammer securityholders at a price of \$0.25 per SH Payment Share. In connection with the Acquisition, the Company also issued 500,000 common shares with a price of \$0.25 per share to an arm's length third party as a finder's fee and incurred \$28,618 in transaction costs.

The acquisition constitutes an asset acquisition as the Company does not meet the definition of a business, as defined in IFRS 3, "Business Combinations".

The total consideration of \$2,103,618 have been allocated as follows:

	\$
Cash	61,752
Amounts receivable	6,510
Prepaid expenses	18,859
Exploration and evaluation assets	2,410,871

**LAKWOOD EXPLORATION INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Nine Months Ended June 30, 2021  
(Expressed in Canadian Dollars)

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Accounts payable and accrued liabilities	(394,374)
	<b>2,103,618</b>
	\$
Fair value of common shares issued for acquisition	1,950,000
Fair value of common shares issued as finder's fees	125,000
Cash paid for transaction costs	28,618
	<b>2,103,618</b>

## COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn.

The Company could be adversely impacted by the effects of the coronavirus. The extent to which the coronavirus impacts the Company, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. The continued spread of the coronavirus globally could materially and adversely impact the Company's operations including, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, and restrictions to its drill programs, exploration and other metallurgical testing. To date, the Company has not had any adverse effects from the coronavirus.

## 2021 HIGHLIGHTS

- On April 30, 2021, the Company announced that it completed its initial public offering of common shares through its agent, Canaccord Genuity Corp. The offering of 3,000,000 common shares was fully subscribed for gross proceeds of \$300,000.
- The Company's common shares were listed on the Canadian Securities Exchange on April 29, 2021 and began trading under the symbol "LWD" on May 3, 2021.
- On May 17, 2021, the Company announced that it completed the initial phase of its planned work program at the Lacy Property Gold Project located within the Nanaimo and Alberni mining divisions of British Columbia.
- On May 19, 2021, the Company announced the appointment of Alnesh Mohan as CFO and Director of the Company.
- On May 31, 2021, the Company entered into a share exchange agreement with Silver Hammer Mining Corp. ("Silver Hammer") to acquire 100% of the issued and outstanding shares of Silver Hammer. Silver Hammer owns a 100% interest in a prospective silver-zinc project located in Idaho, United States, being the Silver Strand Project.
- On June 16, 2021, the Company completed the acquisition of all the issued and outstanding securities of Silver Hammer. The Company announced it completed a non-brokered private placement for gross proceeds of \$3,521,490. The Company also granted 2,000,000 stock options to certain directors, officers and consultants of the Company.
- On June 24, 2021, the Company appointed Morgan Lekstrom as President of the Company. The Company granted incentive stock options to purchase a total of 600,000 common shares at an exercise price of \$0.62 per common share for a period of 5 years to certain directors and officers in accordance with the provisions of its stock option plan.
- On June 28, 2021, the Company announced the results of recent rock chip sampling from a surface and underground sampling program at the Company's Silver Strand Mine.
- On June 29, 2021, the Company appointed Philip Mulholland P. Geo as Chief Geologist.
- On July 15, 2021, the Company announced results from a sampling program at the Silver Strand Mine.
- On July 28, 2021, the Company appointed Ron Burk as a Technical Advisor.

- On August 4, 2021, the Company provided an update to the ongoing surface sampling and exploration activities at Silver Strand Mine.
- On August 9, 2021, the Company entered into a share purchase agreement with 1304562 B.C. Ltd. (“BCCO”) to acquire 100% of the issued and outstanding shares of BCCO. BCCO owns a 100% interest in the Eliza Silver Project and the Silverton Silver Mine.

## **PROPOSED TRANSACTION**

On August 9, 2021, the Company entered into a share purchase agreement with BCCO and the sole shareholder of BCCO (the “BCCO Agreement”), pursuant to which the Company will acquire 100% of the issued and outstanding shares of BCCO (the “BCCO Proposed Transaction”).

Pursuant to the terms of the BCCO Agreement, upon the closing of the BCCO Proposed Transaction, the Company will acquire 100% of the issued and outstanding securities of BCCO in consideration for: (i) the issuance of 3,370,000 common shares of the Company (the “BCCO Payment Shares”) to the sole shareholder of BCCO, and (ii) a cash payment of \$20,000. In addition, the Company will issue 300,000 common shares to certain arm’s length third party finders in connection with the BCCO Proposed Transaction (the “BCCO Finders’ Shares”). The BCCO Payment Shares and BCCO Finders’ Shares will be subject to voluntary hold periods, with 25% of the shares released on the date that is 3 months following the Closing Date and an additional 25% released every 3 months thereafter until all shares have been released.

## **DESCRIPTION OF BUSINESS**

### **Lacy Property**

Pursuant to an option agreement dated November 2, 2017 (the “LP Agreement”) and amended on October 8, 2020, with Barrie Field-Dyde (the “LP Optionor”), the Company was granted an option to acquire a 100% undivided interest in the Lacy Property (the “LP Property”) located in the Alberni Mining Division of British Columbia. The LP Property is comprised of three mineral claims.

In accordance with the LP Agreement, the Company has the option to acquire 100% undivided interest in the LP Property by paying \$10,000 (paid) upon execution of the Agreement and issuance of 300,000 common shares of the Company (issued with fair value of \$30,000) no later than 15 days after the Company’s common shares are listed on a securities exchange in Canada. If the common shares of the Company are not listed by July 31, 2021, the option to acquire the Property will be terminated.

The LP Optionors will retain a 2% net smelter returns royalty (the “NSR”) on the LP Property. The Company has the right to purchase each of the percentage of NSR for \$1,000,000 during the five-year period commencing from the date the LP Property is put into commercial production.

On May 17, 2021, the Company completed the initial phase of its planned work program at the Lacy Property. The initial program was performed by RIO Minerals Limited. For further information regarding the Project, refer to the technical report available under the Company’s profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

### **Silver Strand Project**

The Silver Strand Mine has a 5.5 km strike length in the Coeur d’Alene mining district in Idaho. Located in North Idaho’s Silver Valley along Interstate 90, the district is known for its depth potential with numerous deposits and has produced over 1.2 billion ounces of silver.

**Acquisition Agreement with Gold Rush Expeditions, Inc.**

On August 21, 2020, Silver Hammer through 123456 US Inc. (“USCo”) entered into a purchase contract with Gold Rush Expeditions, Inc. (“GRE”) (the “GRE Agreement”) to acquire a 100% interest in the Silver Strand and Burnt Mineral Claims (the “GRE Claims”) for a purchase price of US\$130,000 (paid prior to the Acquisition).

**Asset Purchase Agreement with Silver Strand Development LLC.**

On January 21, 2021 (the “SSD Effective Date”), Silver Hammer through USCo entered into an asset purchase agreement with Silver Strand Development LLC. (“SSD”) (the “SSD Agreement”) to acquire a 100% interest in certain mineral claims (the “SSD Claims”) located in the State of Idaho, USA.

To acquire 100% interest of the SSD Claims, the Company will have to:

- Pay US\$10,000 to SSD for the transfer of the title to USCo of the SSD Claims (the “Transfer of Title”) (paid prior to the Acquisition);
- Pay US\$25,000 to SSD within 5 business days of the Acquisition (paid – \$39,197);
- Issue 200,000 common shares of the Company to SSD at the date of the Acquisition (issued with fair value of \$118,000);
- Pay US\$25,000 to SSD on the anniversary following the completion of the Acquisition; and
- Issue 200,000 common shares of the Company to SSD on the anniversary following the completion of the Acquisition.

In addition, from the SSD Effective Date, the Company is required to pay the claim fees to the United States Bureau of Land Management, pay the fees, and file the notices to Kootenai County, Idaho, no later than August 15<sup>th</sup> of each year (The Company paid the claim fees for Year 2021 subsequent to June 30, 2021).

On June 28, 2021, the Company announced the results of recent rock chip sampling from a surface and underground sampling program at the Silver Strand Project. A total of thirteen rock chip samples were collected from altered and mineralized exposures throughout the mine.

On July 15, 2021, the Company announced results from a sampling program at the Silver Strand Project. A total of 14 rock chip samples were collected from altered and mineralized surface and underground exposures.

On August 4, 2021, the Company provided an update to the ongoing surface sampling and exploration activities at the Silver Strand Project located in the Coeur d’Alene Mining District of Idaho. Highlights from the sampling program include 11.79 grams per tonne gold one kilometer (km) beyond the previously sampled area, 255 g/t silver along 5.5 km mineralized trend and strong indications of multiple sub-parallel veins.

**CHANGE IN MANAGEMENT**

On May 19, 2021, the Company announced the appointment of Alnesh Mohan as Director of the Company.

On June 24, 2021 the Company announced the appointment of Morgan Lekstrom as President of the Company.

On June 29, 2021, the Company appoint Philip Mulholland P.Geol as Chief Geologist.

On July 28, 2021, the Company appointed Ron Burk as a Technical Advisor.

**LAKWOOD EXPLORATION INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Nine Months Ended June 30, 2021  
(Expressed in Canadian Dollars)

**SELECTED INFORMATION**

	For the nine months ended		
	June 30, 2021	June 30, 2020	June 30, 2019
	\$	\$	\$
Operating expenses	1,250,788	1,588	-
Interest and miscellaneous income	-	-	-
Net loss for the period	(1,250,788)	(1,588)	-
Comprehensive loss for the period	(1,250,788)	(1,588)	-
Basic and diluted loss per share:			
- net loss	(0.13)	(0.00)	-

As at	June 30, 2021	September 30, 2020	September 30, 2019
	\$	\$	\$
Working capital	2,797,694	6,557	-
Total assets	5,844,762	167,548	-
Total liabilities	255,186	43,964	-
Share capital	5,857,307	236,501	-
Deficit	1,451,205	200,417	-

**RESULT OF OPERATIONS**

	Three months ended			
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
	\$	\$	\$	\$
Interest income	-	-	-	-
Net (loss) income	(1,193,295)	(36,758)	(20,735)	(22,577)
Comprehensive (loss) income	(1,193,295)	(36,758)	(20,735)	(22,577)
Basic and diluted loss per share	(0.09)	(0.02)	(0.02)	(0.00)

	Three months ended			
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
	\$	\$	\$	\$
Interest income	-	-	-	-
Net (loss) income	(18)	(22)	(1,548)	43,923
Comprehensive (loss) income	(18)	(22)	(1,548)	43,923
Basic and diluted (loss) income per share	(0.00)	(0.00)	(0.00)	0.00

**Three Months Ended June 30, 2021 compared with the Three Months Ended June 30, 2020**

The Company is in the exploration stage and has no revenue from operations. During the three months ended June 30, 2021, the Company recorded a net loss of \$1,193,295, an increase of \$1,193,277, compared to a net loss of \$18 for the three months ended June 30, 2020. The increase in net loss was a result of the Company's acquisition of Silver Hammer, financing activity and increased activity.

During the three months ended June 30, 2021, the Company incurred the following expenditures:

- Consulting fees of \$47,917 (June 30, 2020 – \$nil);



## LAKWOOD EXPLORATION INC.

### MANAGEMENT DISCUSSION AND ANALYSIS

For the Nine Months Ended June 30, 2021

(Expressed in Canadian Dollars)

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- Investor relations and promotion of \$83,088 (June 30, 2020 – \$nil);
- Professional fees of \$118,128 (June 30, 2020 – \$nil);
- Transfer agent and filing fees of \$29,961 (June 30, 2020 – \$nil); and
- Share-based payments of \$911,849 (June 30, 2020 – \$nil).

#### ***Nine Months Ended June 30, 2021 compared with the Nine Months Ended June 30, 2020***

The Company is in the exploration stage and has no revenue from operations. During the nine months ended June 30, 2021, the Company recorded a net loss of \$1,250,788, an increase of \$1,249,200, compared to a net loss of \$1,588 for the nine months ended June 30, 2020. The increase in net loss was a result of the Company's acquisition of Silver Hammer, financing activity and increased activity.

During the nine months ended June 30, 2021, the Company incurred the following expenditures:

- Consulting fees of \$47,917 (June 30, 2020 – \$nil);
- Investor relations and promotion of \$83,088 (June 30, 2020 – \$nil);
- Professional fees of \$157,574 (June 30, 2020 – \$1,530);
- Transfer agent and filing fees of \$35,666 (June 30, 2020 – \$nil); and
- Share-based payments of \$911,849 (June 30, 2020 – \$nil).

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

As at June 30, 2021, the Company had working capital of \$2,797,694 (September 30, 2020 – working capital of \$6,557) including cash of \$2,779,552 (September 30, 2020 – \$50,001).

The Company's activities have been funded through equity financings and the Company expects it will continue to be able to utilize this source of financing until it develops cash flow from future operations.

There can be no assurances the Company will be successful in its endeavors. If such funds are not available or other sources of finance cannot be obtained then the Company will be forced to curtail its activities to a level for which funding is available or can be obtained.

#### **OUTSTANDING SHARE DATA**

At June 30, 2021, the Company had 33,735,960 (September 30, 2020 – 7,850,000) common shares issued and outstanding with a value of \$5,857,307 (September 30, 2020 – \$236,501).

#### **Escrow Shares**

On March 4, 2021, the Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release as follows:

- On the Listing Date: 250,000 common shares (released)
- On November 3, 2021: 375,000 common shares
- On May 3, 2022: 375,000 common shares
- On November 3, 2022: 375,000 common shares
- On May 3, 2023: 375,000 common shares
- On November 3, 2023: 375,000 common shares
- On May 3, 2024: 375,000 common shares

As of June 30, 2021, there were 2,250,000 common shares held in escrow (September 30 – nil).

**During the nine months ended June 30, 2021**

- On April 30, 2021, the Company completed the initial public offering of common shares through the Agent. The Offering was fully subscribed for gross proceeds of \$300,000. In consideration for the Agent's services provided in connection with the Offering, the Company paid a cash commission of \$24,000 and a corporate finance fee of \$7,500. The Company also issued the Agent and a member of its selling group an aggregate of 240,000 non-transferable and non-assignable warrants to purchase common shares of the Company (the "Agent's Warrants"). Each Agent's Warrant is exercisable to purchase one common share for a price of \$0.10 per common share until April 30, 2023.

The Company estimated the fair value of Agent's Warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 0.29%, an expected life of 2 years, an expected volatility of 88% and an expected dividend yield of 0%, which totaled \$11,237, and recorded these values as share issuance costs.

In addition, the Company incurred \$32,000 share issuance costs.

- On April 30, 2021, the Company issued 300,000 common shares of the Company with fair value of \$30,000 pursuant to the LP Agreement.
- On June 16, 2021, the Company completed a non-brokered private placement (the "Private Placement") by issuing 14,085,960 units (the "Units") at \$0.25 per Unit for total gross proceeds of \$3,521,490. Each Unit is comprised of one common share of the Company and one-half of one transferable common share purchase warrant. Each whole warrant ("Private Placement Warrant") entitles the holder to purchase one additional common share of the Company at a price of \$0.50 for a period of 24 months from the closing date of the Private Placement.

In connection with the Private Placement, the Company paid finder's fees of \$147,885 and 591,500 finder's warrants (the "Finder's Warrants"). The Finder's Warrants are exercisable on the same terms as the Private Placement Warrants.

The Company estimated the fair value of Finder's Warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 0.37%, an expected life of 2 years, an expected volatility of 84% and an expected dividend yield of 0%, which totaled \$172,888, and recorded these values as share issuance costs.

In addition, the Company incurred \$28,174 share issuance costs.

- On June 16, 2021, the Company completed the Acquisition and issued the 7,800,000 SH Payment Shares with fair value of \$1,950,000. In connection with the Acquisition, the Company also issued 500,000 common shares with a price of \$0.25 per share to an arm's length third party as a finder's fee.
- On June 16, 2021, the Company issued 200,000 common shares of the Company with fair value of \$118,000 pursuant to the LP Agreement.
- On June 16, 2021, the Company granted 2,000,000 options with an exercise price of \$0.62 to its directors, officers, and consultants. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.
- On June 24, 2021, the Company granted 600,000 options with an exercise price of \$0.62 to its directors and officers. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

As at the date of this MD&A, the Company had the following common shares, options and warrants issued and outstanding:

- 33,735,960 common shares;
- 7,874,480 Warrants with exercise prices ranging from \$0.10 to \$0.50; and
- 2,600,000 stock options with exercise price of \$0.62.

#### **SUBSEQUENT EVENTS**

- On August 9, 2021, the Company entered into a share purchase agreement with BCCO to acquire 100% of the issued and outstanding shares of BCCO. BCCO owns a 100% interest in the Eliza Silver Project and the Silverton Silver Mine. For further details, refer to Proposed Transaction section above.

#### **RELATED PARTY TRANSACTIONS AND BALANCES**

The Company's related parties as defined as IAS 24, Related Party Disclosures, include the Company's subsidiaries and the following directors, executive officers, key management personnel, and enterprises which are controlled by these individuals:

<b>Related Party</b>	<b>Relationship</b>
Alnesh Mohan	CFO, Director
Joness Lang	Director
David Grandy	Director
Lawrence Roulston	Officer
Michael Dake	CEO, Director, Corporate Secretary
Morgan Lekstrom	President
Sean McGrath	Director
Quantum Advisory Partners LLP	A partnership in which the CFO is a partner.
All Mine Consulting	A company controlled by the President.

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The following table discloses the total compensation incurred to the Company's key management personnel during the nine months ended June 30, 2021 and 2020:

	<b>For the nine months ended</b>	
	<b>June 30, 2021</b>	<b>June 30, 2020</b>
	<b>\$</b>	<b>\$</b>
Professional fees	23,400	-
Consulting fees	27,917	-
Share-based compensation	437,045	-
	<b>488,362</b>	<b>-</b>

During the nine months ended June 30, 2021, the Company paid professional fees of \$23,400 (June 30, 2020 – \$nil) to Quantum Advisory Partners LLP, a partnership in which the CFO is an incorporated partner, for professional services including accounting and transaction support.

During the nine months ended June 30, 2021, the Company paid consulting fees of \$27,917 (June 30, 2020 - \$nil) to All Mine Consulting, a corporation controlled by the President.

During the nine months ended June 30, 2021, the Company recognized \$437,045 (June 30, 2020 – \$nil) in share-based payments related to options granted to the Company’s officers and directors.

The balances due to the Company’s directors and officer included in accounts payables and accrued liabilities were \$52,568 as at June 30, 2021 (September 30, 2020 – \$36,316). These amounts are unsecured, non-interest bearing and payable on demand.

Unless otherwise noted, all related party balances are unsecured, non-interest bearing with no fixed terms of repayment.

#### **OFF-BALANCE SHEET FINANCING ARRANGEMENTS**

As of June 30, 2021, and the date of this MD&A, the Company did not have any off-balance sheet financing arrangements.

#### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of our unaudited condensed consolidated interim financial statements requires management to use judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could materially differ from these estimates. Refer to note 2 of our annual financial statements for the year ended September 30, 2020 for a more detailed discussion of the critical accounting estimates and judgments.

#### **NEW ACCOUNTING STANDARDS**

There were no new or amended IFRS pronouncements effective October 1, 2020 that impacted these unaudited condensed consolidated interim financial statements.

#### **COMMITMENTS**

The Company does not have any significant commitments.

#### **FINANCIAL INSTRUMENTS**

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management’s assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company’s operations. These financial risks and the Company’s exposure to these risks are provided in various tables in note 11 of our unaudited condensed consolidated interim financial statements for the nine months ended June 30, 2021. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2 of the financial statements for the year ended September 30, 2020.

## **RISKS AND UNCERTAINTIES**

To the date of this MD&A, there have been no significant changes to the risk factors set out in the Company's annual management discussion and analysis for the year ended September 30, 2020.

## **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.