

**WEDGEMOUNT RESOURCES CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JANUARY 31, 2023**

**(Expressed in Canadian Dollars)**

**Report Date – April 3, 2023**

The following Management's Discussion & Analysis ("MD&A") provides a review of activities, results of operations and the financial condition of Wedgemount Resources Corp. (the "Company") for the six months ended January 31, 2023. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes thereto for the six months ended January 31, 2023 and the Company's audited consolidated financial statements and related notes thereto for the year ended July 31, 2023. All amounts disclosed in this MD&A are expressed in Canadian dollars, unless otherwise noted.

### **Management's Responsibility**

The Company's management is responsible for the preparation and presentation of the financial statements and this MD&A. The financial statements have been prepared in accordance with International Financial Accounting Standards ("IFRS") as issued by the International Accounting Standards Board and as included in Part 1 of the CPA Canada Handbook – Accounting and the interpretations of the International Financial Reporting Interpretations Committee. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

### **Forward-Looking Statements**

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 such as the sufficiency of the Company's current working capital, anticipated cash flow or its ability to raise necessary funds, and the Company's plans and expectations for its operations 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 Statements (cont'd...)**

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; the outbreak of an epidemic or a pandemic, including the outbreak of the novel coronavirus (COVID-19), or other health crisis and the related global health emergency affecting workforce health and wellbeing, regional or country-wide lock-downs to contain the spread of COVID-19, travel restrictions and disruptions to supply chains; 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.

### **Overview**

The Company was incorporated on August 27, 2020 under the Business Corporations Act of British Columbia. The Company is a mineral exploration company with a focus on acquiring, exploring and advancing exploration and evaluation assets in Canada. The Company's head office and registered and records office address is 40440 Thunderbird Ridge B1831, Garibaldi Highlands, BC, V0N 1T0. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol WDGY.

## **Exploration and Evaluation Assets**

### Eagle Property

On September 23, 2020, subsequently amended on December 9, 2021, the Company entered into an option agreement (the "Eagle Agreement") with ArcWest Exploration Inc. ("ArcWest") to acquire an initial 60% percent interest ("First Option") in and to certain mineral claims located in northern British Columbia which are collectively known and described as the Eagle Property ("Eagle").

To acquire Eagle, the Company must make cash payments totaling \$110,000, fund a total of \$2,050,000 in exploration expenditures, and issue a total of 1,350,000 common shares by December 31, 2024.

Upon completion of the First Option and providing notice to ArcWest, the Company will have a 60 day period to earn an additional 20% interest, for an aggregate 80% interest ("Second Option") or form a joint venture ("JV"). The Second Option can be attained by completing and delivering to ArcWest a feasibility study on or before the fourth anniversary of the date notice was given. In order to keep the Second Option in good standing, the Company will be obligated to pay to ArcWest \$100,000 on each anniversary of the delivery of the notice until such time that the feasibility study has been completed and delivered to ArcWest. Following the exercise or lapse of the Second Option, the parties will form a JV to hold and operate Eagle, which each party will proportionately fund.

Should either the Company or ArcWest's interest be diluted to less than 10%, then that interest will convert to a 2% Net Smelter Return Royalty ("NSR"), 1% of which may be purchased by the other party for \$2,000,000 at any time. Eagle is also subject to a 2% NSR in favour of a past property owner, 1% of which may be purchased for \$1,000,000.

The Company terminated its option on the Eagle property and wrote off the carrying value of \$146,000 in FYE 2022.

The Company had a reclamation deposit of \$29,500 to cover potential disturbances on Eagle, however, as the Company terminated its interest on the Eagle property, the reclamation deposit was returned to the Company.

### Cookie property

On May 26, 2021, subsequently amended on August 30, 2021 and June 27, 2022, the Company entered into an option agreement (the "Cookie Agreement") with DL Cooke & Associates Ltd. ("DL Cooke") to acquire a 100% percent interest in and to certain mineral claims located in the southern Toodoggone copper belt of north-central British Columbia which are collectively known and described as the Cookie property ("Cookie").

**WEDGEMOUNT RESOURCES CORP.**  
MANAGEMENT'S DISCUSSION & ANALYSIS  
(Expressed in Canadian Dollars)  
JANUARY 31, 2023

**Exploration and Evaluation Assets (cont'd...)**

Cookie Property (cont'd...)

To acquire Cookie, the Company must make cash payments totaling \$210,000, fund a total of \$1,075,000 in exploration expenditures, and issue a total of 1,900,000 common shares by May 26, 2026 as follows:

	Acquisition in cash	Exploration expenditures	Acquisition in shares
November 19, 2020 (completed)	\$ 5,000	\$ -	-
March 17, 2021 (completed)	5,000	-	-
May 26, 2021 (completed)	10,000	-	-
June 9, 2021 (completed)	-	-	150,000
December 31, 2021 (completed)	-	50,000	150,000
May 26, 2022 (completed)	10,000	-	-
July 15, 2022 (completed)	-	-	100,000
December 31, 2022	-	125,000	250,000
May 26, 2023	30,000	-	-
December 31, 2023	-	200,000	350,000
May 26, 2024	40,000	-	-
December 31, 2024	-	300,000	400,000
May 26, 2025	50,000	-	-
December 31, 2025	-	400,000	500,000
May 26, 2026	60,000	-	-
	\$ 210,000	\$ 1,075,000	1,900,000

DL Cooke retained a 2% NSR of which 1% may be purchased for \$1,000,000 at any time and a 1.25% NSR on any additional staked property within the area of interest of which 1% may be purchased for \$1,000,000 at any time.

During the six months ended January 31, 2023 and in fiscal 2021, the Company acquired additional contiguous claims by staking.

The Company terminated its option on the Cookie property and wrote off the carrying value of \$222,128 during the six months ended January 31, 2023. The write off also includes lapsed claims and claims included in the area of interest, which were transferred to DL Cooke. Certain claims were kept by the Company.

Friendly property

On May 27, 2021, the Company entered into an option agreement (the "Friendly Agreement") with Electrum Resource Corporation ("Electrum") to acquire a 100% percent interest in and to certain mineral claims located in south-central British Columbia which are collectively known and described as the Friendly Lake-Deer Lake copper-gold property ("Friendly").

**WEDGEMOUNT RESOURCES CORP.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
(Expressed in Canadian Dollars)  
JANUARY 31, 2023

**Exploration and Evaluation Assets (cont'd...)**

Friendly Property (cont'd...)

To acquire Friendly, the Company must make cash payments totaling \$775,000, fund a total of \$6,750,000 in exploration expenditures, and issue a total of 5,000,000 common shares by May 27, 2026.

The Company previously paid \$15,000 for a first right of refusal on the property. Electrum retained a 3% NSR of which 1.5% may be purchased for \$2,000,000 prior to a production decision.

The Company terminated its option on the Friendly property and wrote off the carrying value of \$240,000 in FYE 2022.

Exploration and evaluation expenditures

Exploration and evaluation expenditures for the six months ended January 31, 2023 are as follows:

<b>Property</b>	<b>Eagle</b>		<b>Cookie</b>		<b>Friendly</b>		<b>Total</b>
Equipment and supplies	\$	-	\$	1,900	\$	-	\$ 1,900
Geology		575		521		4,276	5,372
	\$	575	\$	2,421	\$	4,276	\$ 7,272

The cumulative exploration and evaluation expenditures are as follows:

<b>Property</b>	<b>Eagle</b>		<b>Cookie</b>		<b>Friendly</b>		<b>Total</b>
Accommodation and transportation	\$	96,789	\$	19,334	\$	22,113	\$ 138,236
Assay		5,681		22,501		9,504	37,686
Community relations		8,700		-		-	8,700
Equipment and supplies		20,459		13,936		20,429	54,824
Fieldwork		37,344		-		-	37,344
Geology		108,535		117,975		157,420	383,930
Geophysics		204,799		-		-	204,799
Logistics and support		-		30,766		-	30,766
Property maintenance		-		1,774		-	1,774
		482,307		206,286		209,466	898,059
BCMETC		(69,216)		(17,205)		(111)	(86,532)
	\$	413,091	\$	189,081	\$	209,355	\$ 811,527

**WEDGEMOUNT RESOURCES CORP.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
(Expressed in Canadian Dollars)  
JANUARY 31, 2023

**Summary of Quarterly Results**

The following table sets out selected unaudited quarterly financial information for the most recent eight quarters. The amounts presented have been prepared in accordance with IFRS for all quarters.

<b>Period Ended</b>	<b>Three months ended January 31, 2023</b>		<b>Three months ended October 31, 2022</b>		<b>Three months ended July 31, 2022</b>		<b>Three months ended April 30, 2022</b>	
Revenue	\$	Nil	\$	Nil	\$	Nil	\$	Nil
Loss from continuing operations	\$	(561,099)	\$	(99,552)	\$	(539,216)	\$	(169,230)
- per share <sup>(1)</sup>	\$	(0.02)	\$	(0.00)	\$	(0.02)	\$	(0.01)
Loss and comprehensive loss	\$	(561,099)	\$	(99,552)	\$	(539,216)	\$	(169,230)
- per share <sup>(1)</sup>	\$	(0.02)	\$	(0.00)	\$	(0.02)	\$	(0.01)
Total assets	\$	853,949	\$	532,777	\$	617,085	\$	1,012,475
Total non-current financial liabilities	\$	Nil	\$	Nil	\$	Nil	\$	Nil
Cash dividends declared - per share	\$	Nil	\$	Nil	\$	Nil	\$	Nil

  

<b>Period Ended</b>	<b>Three months ended January 31, 2022</b>		<b>Three months ended October 31, 2021</b>		<b>Three months ended July 31, 2021</b>		<b>Three months ended April 30, 2021</b>	
Revenue	\$	Nil	\$	Nil	\$	Nil	\$	Nil
Loss from continuing operations	\$	(346,220)	\$	(608,520)	\$	(563,274)	\$	(129,497)
- per share <sup>(1)</sup>	\$	(0.01)	\$	(0.03)	\$	(0.02)	\$	(0.01)
Loss and comprehensive loss	\$	(346,220)	\$	(608,520)	\$	(563,274)	\$	(129,497)
- per share <sup>(1)</sup>	\$	(0.01)	\$	(0.03)	\$	(0.02)	\$	(0.01)
Total assets	\$	1,136,964	\$	1,453,433	\$	2,059,924	\$	310,321
Total non-current financial liabilities	\$	Nil	\$	Nil	\$	Nil	\$	Nil
Cash dividends declared - per share	\$	Nil	\$	Nil	\$	Nil	\$	Nil

<sup>1</sup> Fully diluted loss per share was not calculated as the effect was anti-dilutive.

### **Overall Performance and Results of Operations: Quarterly**

During the three months ended January 31, 2023, the Company had revenue of \$Nil (2022 - \$Nil) and incurred a loss and comprehensive loss of \$561,099 (2022 - \$346,220). Operating expenses consist primarily of consulting fees, exploration and evaluation expenditures, management fees, property investigation costs, and share-based payments. In fiscal 2022, the Company decided to terminate its interest on the Eagle and Friendly properties and during the three months ended January 31, 2023 the Company decided to terminate its interest on the Cookie property; accordingly, minimal work was done on the properties in the current period. The Company maintained certain claims on the Cookie property. Property investigation costs are new as the Company is exploring additional opportunities. Share-based payments increased as compared to the prior period as options were granted to directors, officers, and consultants in the current period.

### **Overall Performance and Results of Operations: Year-to-date**

During the six months ended January 31, 2023, the Company had revenue of \$Nil (2022 - \$Nil) and incurred a loss and comprehensive loss of \$660,651 (2022 - \$954,740). Operating expenses consist primarily of consulting fees, exploration and evaluation expenditures, management fees, property investigation costs, and share-based payments. The most significant decrease was in exploration and evaluation expenditures as the Company has now terminated its interest on its properties.

### **Liquidity and Capital Resources**

The Company's cash position was \$305,786 as at January 31, 2023 (July 31, 2022 - \$220,459). The Company had a working capital surplus of \$351,092 as at January 31, 2023 (July 31, 2022 - \$318,582). The Company's cash position consists of funds received from the issuance of its common shares, less expenditures. The cash spent during the current period was primarily attributable to general working capital.

Net cash used in operating activities for the six months ended January 31, 2023 was \$290,093 (2022 - \$944,641) and in investing activities was \$340,730 (2022 - \$25,000). The Company's investing activities were the acquisition of claims on the Cookie property and a deposit made for the potential acquisition of oil and gas assets. The prior period activity consisted of payments on the Eagle property. The financing activities in the current period consisted of the issuance of share capital, which provided net proceeds of \$716,150. There were no financing activities in the prior period.

Management estimates additional funding will be required to further operations in the upcoming twelve months. The Company is continuing to explore various potential sources of financing, but there is no certainty that any additional financings will be completed.

### **Off-Balance Sheet Arrangements**

The Company did not enter into any off-balance sheet arrangements or transactions during the period.



---

**Transactions with Related Parties**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and the members of its Board of Directors.

The following summarizes the Company's related party transactions with its key management personnel.

	<b>Six months ended January 31, 2023</b>	<b>Six months ended January 31, 2022</b>
Paid or accrued management fees to Mark Vanry, a director, President, and CEO of the Company	\$ 75,000	\$ 75,000
Paid or accrued professional fees to Lesia Burianyk, CFO of the Company	18,000	18,000
Share-based payments to Mark Vanry	19,190	84,032
Share-based payments to Cody Campbell, a director of the Company	3,003	22,524
Share-based payments to Richard Barth, a director of the Company	7,398	22,524
Share-based payments to Garry Clark, a director of the Company	3,003	21,974
Share-based payments to Lesia Burianyk	3,003	12,434
	<b>\$ 128,597</b>	<b>\$ 256,488</b>

As at January 31, 2023, included in accounts payable and accrued liabilities was \$111,788 (July 31, 2022 - \$53,808) owing to corporation controlled by a director and to an officer.

The Company has a Management Services Agreement with its President which provides that in the event the President's services are terminated without cause or upon a change of control of the Company, a termination payment of an amount equal to 200% of the current annual compensation plus an amount equal to two times the average of the cash discretionary bonuses paid for the two most recently completed years will be payable.

**Subsequent Events**

Subsequent to January 31, 2023, the Company:

- a) issued 3,580,557 units at a price of \$0.17 per unit by way of a non-brokered private placement, for total proceeds of \$608,695. Each unit was comprised of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.30 per common share until March 24, 2025. The Company paid a total of \$24,903 in cash for fees and issued 146,487 finder's warrants. Each finder's warrant entitles the holder to purchase one common share at a price of \$0.30 per common share until March 24, 2025;

### **Subsequent Events (cont'd...)**

- b) issued 2,666,000 common shares pursuant to the exercise of warrants for proceeds of \$266,600;
- c) made cash payments totalling USD \$1,250,000 to complete the Willowbend Transaction. The Company earned a 100% working interest in the leases comprising the Willowbend Project subject to underlying royalties averaging 19%;
- d) the Company entered into a definitive agreement (the "Millican Transaction") with an arm's length private company, for the purchase of 100% working interest in oil and gas assets (the "Millican Project") located in the Permian Basin of west central Texas. Pursuant to the Millican Transaction, the Company acquired a 100% working interest in certain leases, producing wells, and surface facilities. In consideration for the purchase of the Millican Project, the Company paid USD \$160,000. The Millican Project is subject to a 19% underlying royalty;
- e) entered into a loan agreement with Mark Vanry, the Chief Executive Office of the Company, under which USD \$400,000 was loaned the Company (the "Vanry Loan"). The Vanry Loan bears interest at a rate of 15% per annum, payable by the Company to Mr. Vanry monthly for the first 22 months and thereafter at the rate of 18% per annum. The Company will make payments on account of principal on the Vanry Loan commencing June 30, 2023 at the rate of USD \$20,000 per month plus an amount equal to 25% of net cash flows over USD \$200,000. The Vanry Loan matures, and all outstanding principal shall be payable, on February 28, 2025. The Company may repay the Vanry Loan at any time without penalty. The Vanry Loan is secured by a pledge of the shares of WTC and a general security interest over the assets of WTC. In addition, the Company issued 275,000 warrants to Mr. Vanry. Each warrant entitles Mr. Vanry to purchase one common share at a price of \$0.30 per common share until February 21, 2026; and
- f) entered into a loan agreement with an arm's length individual, under which \$450,000 was loaned to the Company (the "Loan"). The Loan bears interest at a rate of 15% per annum, payable by the Company monthly for the first 22 months and thereafter at the rate of 18% per annum. The Company will make payments on account of principal on the Loan commencing June 30, 2023 at the rate of \$20,000 per month plus an amount equal to 25% of net cash flows over USD \$200,000. The Loan matures, and all outstanding principal shall be payable, on February 28, 2025. The Company may repay the Loan at any time without penalty. The Loan is guaranteed by a general security interest over the assets of WTC.

### **Share Capital Information**

#### Disclosure of Outstanding Share Data as at Report Date

The authorized capital of the Company consists of an unlimited number of common shares without par value.

#### Shares Issued and Outstanding

As at the Report Date, there were 35,145,593 common shares issued and outstanding.

## **Share Capital Information (cont'd...)**

### Stock Options

As at the Report Date, there were 2,350,000 stock options outstanding.

### Warrants

As at the Report Date, there were 19,653,561 warrants outstanding.

## **Critical Accounting Estimates**

The preparation of the condensed interim consolidated financial statements requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial period and are, but are not limited to, the following:

### Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the condensed interim consolidated statements of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the condensed interim consolidated statement of financial position could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

### Valuation of share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss) and equity reserves.

### **Accounting Policies**

A number of new standards and amendments to standards and interpretations have been issued by the IASB and are effective for annual periods beginning on or after August 1, 2022. These have not been applied in preparing the condensed interim consolidated financial statements. There are no IFRSs or IFRS Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on the condensed interim consolidated financial statements.

### **Financial Instrument Risk**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. As at January 31, 2023, the Company's risk exposure and the impact on the Company's financial instruments are summarized below:

#### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to its liquid financial assets, being cash and receivables. The Company's primary bank accounts are held with a major Canadian bank and funds are transferred to the subsidiary's foreign bank account as required to cover current expenditures, minimizing the risk to the Company. Receivables are due from government agencies.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is through regular monitoring of cash requirements. When necessary, the Company obtains financing from various investors to ensure all future obligations are fulfilled. The Company has sufficient cash as at January 31, 2023 to settle its current liabilities as they come due.

The contractual maturity dates of each of cash, receivables, and accounts payable and accrued liabilities is less than three months as at January 31, 2023.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of market price changes:

*Foreign currency exchange risk* – This risk relates to any changes in foreign currencies in which the Company transacts. The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payables and accrued liabilities that are denominated in United States Dollars. The effect of a 10% change in foreign exchange rates would be approximately \$33,000 for the six months ended January 31, 2023.

## **Financial Instrument Risk (cont'd...)**

### Market risk (cont'd...)

*Interest rate risk* – This risk relates to the change in the borrowing rates of the Company. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% change in interest rates would result in a nominal difference for the six months ended January 31, 2023.

*Price risk* – This risk relates to fluctuations in commodity and equity prices. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

The Company does not currently use financial instruments designed to hedge these market risks.

### Fair value hierarchy

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

*Level 1* - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

*Level 2* - Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

*Level 3* - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The fair value of cash, receivables, reclamation deposit, and accounts payable and accrued liabilities approximates their carrying values because of the short-term nature of these instruments.

## **Capital Management**

The Company defines capital as cash, debt, and the components of shareholders' equity. The Company's objectives when managing capital are to identify, pursue, and complete the exploration and development of its exploration and evaluation assets, to maintain financial strength, to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness, and to maximize returns for shareholders over the long term. The Company manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financings, including equity and debt, are analyzed by management and approved by the Board of Directors. The Company does not have any externally imposed capital requirements. There have been no significant changes in the Company's objectives, policies, and processes for managing its capital during the six months ended January 31, 2023.

## **Risks and Uncertainties**

The Company is in the mineral exploration and development business and, as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

a) The likely source of future funds for further acquisitions, property development, and exploration programs undertaken by the Company are the sale of equity capital. For the exploration, development of economic ore bodies, and commencement of commercial production, additional financing may be required by the Company. Future equity financings are subject to prevailing market conditions at the time and could result in substantial dilution to the holdings of existing shareholders.

b) The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of the minerals and proximity to infrastructure; mineral 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 could have a material adverse effect upon the Company's operations. Mining operations generally involve a high degree of risk. The operations of the Company are subject to all the hazards and risks normally encountered in the exploration, development and production of precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, 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. There is no certainty that the expenditures made by the Company toward the search and evaluation of precious metals and other minerals will result in discoveries of mineral resources, mineral reserves or any other mineral occurrences.

**Risks and Uncertainties (cont'd...)**

- c) The Company's capital resources are largely determined by the strength of the resource markets and the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.
- d) The market price of any mineral is volatile and is affected by numerous factors that are beyond the Company's control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional political events and international events as well as a range of other market forces. Sustained downward movements in mineral market prices could render less economic, or uneconomic, some or all of the mineral extraction and/or exploration activities to be undertaken by the Company. This, in turn, greatly affects its ability to raise equity capital, negotiate option agreements and form joint ventures.
- e) The Company must comply with health, safety, and environmental regulations governing air and water quality and land disturbances and provide for mine reclamation and closure costs. The Company's permission to operate could be withdrawn temporarily where there is evidence of serious breaches of such regulations, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations.
- f) The exploration and development activities of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue exploration and development activities in the future.
- g) Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such assets may be subject to prior agreements or transfers and title may be affected by such undetected defects.
- h) The Company is dependent upon the services of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company to attract and retain additional highly-skilled employees may adversely affect its business and future operations.
- i) The mining industry is highly competitive. Many of the Company's competitors for the acquisition, exploration, production and development of mineral properties, and for capital to finance such activities, will include companies that have greater financial and personnel resources available to them than the Company.
- j) The mining business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. At the present time, the more measured demand for minerals in some emerging economies (notably China and India) has led to moderation in prices for industrial minerals and the lower expectation of future inflation in advanced economies has moderated the price of precious metals. It is difficult to assess how long such trends may continue.

**Risks and Uncertainties (cont'd...)**

k) The Company's activities may be affected by potential medical pandemic issues, such as the novel coronavirus (COVID-19), as a result of the potential related impact to employees, disruption to operations, supply chain delays, travel and trade restrictions, impact on economic activity in affected countries or regions and local government response to such issues. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce in the mining industry and could be a major health-care challenge for the Company. There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. The Company's costs may increase in order to implement necessary precautions as required by local laws or as determined by the Company. As well, there can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by pandemics on global financial markets which may reduce resources, share prices and financial liquidity that may severely limit the financing capital available in the industry that the Company operates in and in the mining industry in general.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in any forward-looking statements. The exploration and development activities of the Company are subject to various laws governing exploration, development, and labour standards which may affect the operations of the Company as these laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted.

**Proposed Transactions**

Currently there are no pending proposed transactions; however, the Company continues to seek new business and/or investment opportunities and to raise capital.

**Additional Information**

Additional information relating to the Company, is available on the SEDAR website.

**Approval**

The Board of Directors of the Company has approved the disclosure contained in this Management's Discussion and Analysis.

On Behalf of the Board of Directors,

April 3, 2023