## Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of S2 Minerals Inc. (the "Company" or "S2") constitutes management's review of the factors that affected the Company's financial and operating performance for the period from November 30, 2020 (date of incorporation) to May 31, 2021. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited financial statements of the Company for the period from November 30, 2020 (date of incorporation) to May 31, 2021, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). Information contained herein is presented as of September 28, 2021, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or from **www.sedar.com**.

## Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

| Forward-looking statements | Assumptions | Risk factors |
|---|---|---|
| • Potential of the Company's properties to contain economic deposits of any mineral discovered. | • Financing will be available for future exploration and development of the Company's properties.<br>• The actual results of the | • Price volatility of any mineral discovered.<br>• Uncertainties involved in interpreting geological data and confirming title to, and interests in, properties.<br>• The possibility that future exploration |

| | | |
|---|---|---|
| | Company's exploration and development activities will be favorable.<br>• Operating, exploration and development costs will not exceed the Company's expectations.<br>• The Company will be able to retain and attract skilled staff.<br>• All requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favorable to the Company.<br>• The price of applicable minerals and applicable interest and exchange rates will be favorable to the Company.<br>• No title disputes exist with respect to the Company's properties. | results will not be consistent with the Company's expectations.<br>• Availability of financing for and actual results of the Company's exploration and development activities.<br>• Increases in costs.<br>• Environmental compliance and changes in environmental and other local legislation and regulation.<br>• Interest rate and exchange rate fluctuations.<br>• Changes in economic and political conditions.<br>• The Company's ability to retain and attract skilled staff.<br>• The availability of permits. |
| • The Company believes it has sufficient cash resources to meet its requirements for near term. | • The operating activities of the Company for the next twelve months and beyond, starting from June 1, 2021, and the costs associated in addition to that, will be consistent with the Company's current expectations.<br>• Debt and equity markets, exchange and interest rates and other applicable economic conditions are favorable to the Company. | • Changes in debt and equity markets.<br>• Timing and availability of external financing on acceptable terms.<br>• Changes in the currently planned operations.<br>• Increases in costs.<br>• Environmental compliance and changes in environmental and other local legislation and regulation.<br>• Interest rate and exchange rate fluctuations.<br>• Changes in economic conditions. |
| • The Company believes the properties warrant ongoing exploration and will require additional funding to maintain the current or increased levels of exploration. Accordingly, the Company expects to incur further losses in the development of its business. | • Exploration activities will continue to comply with all government regulations.<br>• COVID-19 will not curtail operations as testing and remoteness of sites allows for adequate worker protection.<br>• Financing will be available as needed. | • Increased government scrutiny and regulations.<br>• The Company's ability to satisfy worker safety.<br>• Availability of future financing. |
| • The Company's ability to carry out anticipated exploration and | • The exploration and maintenance activities of the Company's operations and costs for the next | • Changes in debt and equity markets.<br>• Timing and availability of external financing on acceptable terms. |

| | | |
|---|---|---|
| maintenance on its property interests in Canada and Ontario.<br>• The Company's anticipated use of cash available to it in any period. | twelve months, and the costs associated in addition to that, will be consistent with the Company's current expectations.<br>• Debt and equity markets, exchange and interest rates and other applicable economic conditions are favorable to the Company. | • Increases in costs; changes in the operations currently planned for fiscal 2022.<br>• Environmental compliance and changes in environmental and other local legislation and regulation.<br>• Interest rate and exchange rate fluctuations.<br>• Changes in economic conditions.<br>• Receipt of applicable permits.<br>• Ongoing uncertainties relating to applicable First Nations matters and any delay in compliance by Treasury Metals Inc. ("Treasury Metals") with the option agreement concerning the Weebigee Project in Sandy Lake Canada. |
| • Plans, costs, timing, and capital for future exploration and development of the Company's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations. | • Financing will be available for the Company's exploration and development activities, and the results thereof will be favorable.<br>• Actual operating and exploration costs will be consistent with the Company's current expectations.<br>• The Company will be able to retain and attract skilled staff.<br>• All applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company.<br>• The Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favorable to the Company.<br>• The price of any applicable mineral will be favorable to the Company.<br>• No title disputes arise concerning the Company's properties. | • Price volatility of any mineral discovered changes in debt and equity markets.<br>• Timing and availability of external financing on acceptable terms.<br>• The uncertainties involved in interpreting geological data and confirming title to acquired properties.<br>• The possibility that future exploration results will not be consistent with the Company's expectations.<br>• Increases in costs, environmental compliance and changes in environmental and other local legislation and regulation.<br>• Interest rate and exchange rate fluctuations.<br>• Changes in economic and political conditions.<br>• The Company's ability to retain and attract skilled staff.<br>• Availability of permits.<br>• Market competition.<br>• Uncertainties relating to COVID- 19 matters affecting First Nations matters in Sandy Lake. |
| • Management's outlook regarding future trends, including the future price of any mineral discovered and availability of future financing. | • Financing will be available for the Company's exploration and operating activities.<br>• The price of applicable minerals will be favorable to the Company. | • Changes in debt and equity markets.<br>• Interest rate and exchange rate fluctuations.<br>• Changes in economic and political conditions.<br>• Availability of financing. |

| | | |
|---|---|---|
| | | • Changes in debt and equity markets and the spot price of any mineral discovered, if available. |
| • Consultations with local First Nations for the Sandy Lake Project in Canada. | • The Company will engage in appropriate consultation with local First Nations and with the Government of Ontario which will result in the Company resuming work on its Project in Sandy Lake, Canada. | • Consultations with local First Nations may not result in the Company resuming work on the Sandy Lake Project or may result in high additional costs to resume the Project in Sandy Lake, Canada. |

Inherent in forward-looking statements are risks, uncertainties, and other factors beyond the Company's ability to predict or control. Please also refer to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance, or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether because of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## Qualified Person

Daniel Noone, (Member of the Australian Institute of Geoscientists) is a qualified person as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects "NI 43-101") and has reviewed and approved for inclusion the scientific and technical disclosure in this MD&A. Mr. Noone is also the Chief Executive Officer of the Company.

## Description of Business

S2 was incorporated on November 30, 2020, under the laws of the Province of Ontario. The Company's head office is located at 141 Adelaide Street West, Toronto, Ontario, Canada, M5H 3L5. The Company was incorporated for the sole purpose of participating in the plan of arrangement (the "Arrangement") announced February 2, 2021, involving the Company and G2 Goldfields Inc. ("G2"). The Company has not carried on any active business other than in connection with the Arrangement.

The Arrangement received shareholder approval on March 29, 2021, and Ontario court approval on March 31, 2021. The Arrangement was completed on April 9, 2021.

## Operational Highlights

During the period from incorporation to May 31, 2021, the Company had no active operations other than S2 acquired all the claims comprising the Sandy Lake Property as part of a spin-out transaction completed by way of a plan of arrangement with G2.

On February 2, 2021, G2 entered into the Arrangement Agreement with S2 pursuant to which G2 agreed to transfer its interest in all the mineral claims comprising the Sandy Lake Property and G2's 50.1% interest in the approximately 15,000 acres of the "Weebigee Joint Venture" claims and a 50% interest in a further 15,000 acres of the Southern Block claims in joint ventures with Goldeye Explorations Limited, now part of Treasury Metals Inc., in exchange for 12,655,667 Common Shares. The outstanding Common Shares consists of the Common Shares issued to G2 as described in the preceding sentence, as of the effective date of the Arrangement. G2 distributed one Common Share for every ten G2 Common Shares then held by G2 Shareholders as of the effective date of the Arrangement.

## Trends

*Gold prices*

During property acquisition, exploration, and financial planning, management monitors gold demand and supply balances as well as price trends. In addition to monitoring gold prices, management also monitors financing activities in the Junior Mining Sector as this represents the sector in which S2 operates. The following table highlights the comparative gold prices which S2 monitors.

| Summary of Gold Prices<br>Current Prices with Comparative (May 31, 2017 – 2021) | | | | | |
|---|---|---|---|---|---|
| **Commodities** | **2021 (USD)** | **2020 (USD)** | **2019 (USD)** | **2018 (USD)** | **2017 (USD)** |
| Gold ($/oz) | 1,911.00 | 1,738.50 | 1,304.90 | 1,297.80 | 1,268.40 |

*COVID-19*

Due to the worldwide COVID-19 outbreak, material uncertainties may come into existence that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global gold prices;
- Demand for gold and the ability to explore for gold;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Availability of government supplies, such as water and electricity;
- Purchasing power of the Canadian dollar; or
- Ability to obtain funding.

Due to COVID-19 restrictions in place, limited travel or in-person dialogue is available for the Company's projects. S2 is aware of the risks of COVID-19 and in accordance with good practice, will engage in travel and work programs at a suitable junction following confirmatory dialogue with leadership of the Indigenous communities of interest. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of S2 in future periods.

Apart from these factors and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events, or uncertainties that would have a material effect on the Company's business, financial condition, or results of operations.

## Environmental Liabilities

The Company is not aware of any environmental liabilities or obligations associated with its mineral property interests. The Company is conducting its operations in a manner that is consistent with governing environmental legislation.

## Overall Objective

The Company is a junior mineral exploration company with an experienced management team engaged in the acquisition and advancement of mineral exploration projects, primarily located in Ontario, Canada. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain any economically recoverable mineral reserves. The success of the Company is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete exploration and development of its properties, the selling prices of minerals at the time, if ever, that the Company commences production from its properties, government policies and regulations and future profitable production, or proceeds from the disposition of such properties.

The Company has not discovered economically recoverable mineral reserves. While discovery of ore-bearing structures may result in substantial rewards, it should be noted that few properties that are explored are ultimately developed into producing mines.

The Company may also seek to acquire additional mineral resource properties or companies holding such properties. The Company notes that mineral exploration in general is uncertain and the probability of finding economically recoverable mineral reserves on any one of its early-stage prospects is low. However, the probability that one of the many prospects acquired will host economically recoverable mineral reserves is higher. As a result, the Company believes it can reduce overall exploration risk by acquiring additional mineral properties. In conducting its search for additional mineral properties, the Company may consider acquiring properties that it considers prospective based on criteria such as the exploration history of the properties, their location, or a combination of these and other factors. Risk factors to be considered in connection with the Company's search for and acquisition of additional mineral properties include the significant expenses required to locate and establish economically recoverable mineral reserves, the fact that expenditures made by the Company may not result in discoveries of economically recoverable mineral reserves, environmental risks, risks associated with land title, the competition faced by the Company and the potential failure of the Company to generate adequate funding for any such acquisitions. See "Risk Factors" below.

## Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

## Proposed Transactions

The Company routinely evaluates various business development opportunities that could entail farm-ins, farm-outs, acquisitions, trades and / or divestitures. In this regard, the Company is currently in discussions related to these and similar activities with various parties. There can be no assurance that any such transactions will be concluded in the future.

## Management of Capital

The Company considers its capital to consist of its shareholders' equity balance which as of May 31, 2021, totaled $936,877.

The Company's objective when managing capital is to maintain adequate levels of funding to support its exploration activities and to maintain corporate and administrative functions necessary to support operational activities. The Company manages its capital structure in a manner that provides sufficient operational activities. Funds are primarily secured through equity capital raised by way of private placement. There can be no assurance that the Company will be able to continue raising equity capital in the future, The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments such as cash and other short-term guaranteed deposits, and all are held in major financial institutions.

Management believes its capital management approach is reasonable given its stage of operations and size of the company.

## Mineral Exploration Properties

The Company has not yet determined whether the Company's properties contain an economic mineral reserve. There are no known reserves of minerals on any of the Company's mineral exploration properties and any activities of the Company thereon will constitute exploratory searches for minerals. See "Risk Factors" below.

The Sandy Lake Property is a group of mineral claims located approximately 225 kilometres (km) north of Red Lake, northwestern Ontario.

### Mining Claims

The Sandy Lake Property consists of 3,225 cell mining claims. The details for the current project land holdings are provided in Table 1.1 and Table 1.2. All claims within the Sandy Lake Property are contiguous.

**Table 1.1**
**Claim Summary by Type**

| Tenure Type | Number | Area | Total Area (ha) |
|---|---|---|---|
| Single cell mining claim | 2,927 | 19.46 ha/claim | 56,994.3 |
| Multi-cell mining claim | 12 | depends on the number of cells | 5,052.9 |
| Boundary cell mining claim | 286 | percentage of the cell | 5,556.8 |
| **Total** | **3,225** | | **67,604** |

Source: Mining Land Administration System (26th January 2021).

**Table 1.2**
**Sandy Lake Property - Expiry Date, Work Requirements and Exploration Reserve of the Claims**

| Expiry Date | Number | Type | Work Required | Work Performed | Exploration Reserve |
|---|---|---|---|---|---|
| | | *Active* | | | |
| 06 Jan 2023 | 533 | Single cell claims | 213,200 | 0 | 0 |
| 21 Feb 2021 | 55 | Single cell claims | 22,000 | 0 | 0 |
| 21 Feb 2021 | 12 | Multi-cell claim | 104,000 | 0 | 0 |
| 31 Mar 2021 | 1 | Single cell claim | 400 | 3,200 | 0 |
| 31 Mar 2021 | 6 | Boundary cell claims | 2,400 | 6,800 | 624 |
| 14 Jun 2021 | 184 | Single cell claim | 73,600 | 258,200 | 3,032,380 |
| 14 Jun 2021 | 121 | Boundary cell claims | 48,800 | 61,400 | 4,628 |
| 15 Jun 2021 | 7 | Single cell claim | 2,800 | 10,400 | 21,521 |
| 29 Aug 2021 | 47 | Single cell claim | 18,800 | 36,800 | 0 |
| 29 Aug 2021 | 16 | Boundary cell claims | 6,400 | 5,000 | 0 |
| 22 Sep 2021 | 3 | Single cell claim | 1,200 | 2,400 | 3,439 |
| 22 Sep 2021 | 3 | Boundary cell claims | 1,200 | 1,600 | 2,160 |
| | | *Hold Special Circumstances Apply* | | | |
| 04 June 2019 | 131 | Boundary cell claims | 52,000 | 0 | 23,710 |
| 04 June 2019 | 1,255 | Single cell claim | 502,400 | 0 | 234,934 |
| 15 Dec 2019 | 760 | Single cell claims | 304,000 | 0 | 0 |
| 10 Apr 2020 | 30 | Single cell claims | 12,000 | 0 | 0 |
| 22 Sep 2020 | 11 | Single cell claims | 4,400 | 2,600 | 0 |
| 22 Sep 2020 | 9 | Boundary claims | 3,600 | 2,400 | 0 |
| | | *Total* | | | |
| | | | ***1,373,200*** | ***390,800*** | ***3,323,396*** |

Source: Mining Land Administration System, downloaded on 26th January, 2021.

G2 agreed to transfer all Sandy Lake Property claims to S2 in connection with the spin-out. On January 6, 2021, G2 staked online an additional 533 claims. All active claims were transferred to S2 on January 21, 2021, on MLAS claim management system for Ontario. However, all claims on "Special Circumstances" cannot be accessed at MLAS registry system for claim transfer due to the current province wide "Special Circumstances Hold" on all claims due for assessment. This includes those claims with an expiry date in 2019, which were originally the subject of an Exclusion of Time application while G2 continued consultation discussions with the relevant First Nations. When the provincial COVID restrictions and quarantine were imposed, these were automatically converted to "Special Circumstances" and when COVID restrictions are lifted, the consultation travel and discussions will resume. Accordingly, G2 transferred its beneficial interest in such claims to S2 in connection with the spin-out and will transfer its nominee interest in due course.

## G2 and Goldeye Joint Venture Agreement

On April 15, 2015, Goldeye Explorations Limited ("Goldeye") entered into an option agreement with GPM Metals. ("GPM"). In July 2016, GPM assigned all its rights under the option agreement to Sandy Lake Gold Inc. In April 2019, Sandy Lake Gold Inc. was renamed G2 Goldfields Inc.

The 2015 option agreement originally provided that G2 could earn up to a 70% interest in the Sandy Lake Property by achieving certain milestones. In November 2020, G2 notified Treasury Metals Inc. (TML) and its subsidiary Goldeye that it had fulfilled the requirements under the option agreement to earn a 50.1% legal and beneficial interest in the Sandy Lake Property. As such, Goldeye and G2 signed a joint venture agreement with an effective date of November 9, 2020, that provides that G2 would forgo its rights to acquire the additional 19.9% further interest in the Sandy Lake Property under the 2015 option agreement. The value of each participant's initial contribution in the 2020 joint venture for G2 is $5,000,000 and for Goldeye is $4,980,040. As such, G2 has a 50.1% (which was transferred to S2 in connection with the spin- out) and Goldeye has a 49.9% initial participating interest. Participants are obligated to contribute funds to approved programs and budgets in proportion to their respective participating interests from and after the effective date.

In 2018 and 2019 G2 staked additional cell claims. A new joint venture, named "South Block Claims JV" ("South Block") on the 50:50 blocks originated from "Additional Claims" that were staked during the period of the option agreement. Under the option agreement, G2 and Goldeye were then obligated to form a joint venture as per clause 8.3 of the option agreement. Clause 8.3 states "The 50/50 Joint Venture will be subject to a separate joint venture agreement to be negotiated and entered into by the Parties once the notified Party in Section 8.2 has elected in writing to have an Additional Interest be part of the 50/50 Joint Venture; provided that the form of the joint venture agreement for the 50/50 Joint Venture shall be substantially in the form of the Joint Venture Agreement with only such changes as are necessary to reflect the participating interests of the parties under the 50/50 Joint Venture". TML and its subsidiary Goldeye notified G2 and paid for their half of the staking consequently G2 has attributed 50% of those "Southern Block Claims" to Goldeye. G2 (and now S2) and Goldeye are in a process of signing the final joint venture agreement.

The participants in the Weebigee and South Block joint venture can change the participating interest if:

- Participant approved program and budget, but they decided not to contribute to expenditures which are a part of an approved program and budget or elected to contribute less than the percentage reflected by its then current participating interest.
- In the event of default by a participant in making its agreed contribution to an approved program and budget.
- Upon transfer by either participant of part or all its participating interest.

If one of the participants elect not to contribute to an approved program and budget at all, or to limit its contributions toward expenditures, which are part of an approved program and budget, its participating interest will be adjusted, following the rules set out in the joint venture agreement.

If a participant elects or defaults in meeting cash calls, three or more times in any 24-month period, or upon the dilution of a participant's participating interest to 10% or less, such participant's participating interest shall convert to the following net smelter returns royalties: a 1.5% net smelter returns royalty on the mineral claims other than the lands that comprise Indian Reserve #88. In that part of the mineral claims where an underlying net smelter returns royalty has been granted to another Person as of the date of the option agreement and remains in existence as of the effective date of the joint venture agreement, and the participant whose participating interest is converted will be entitled to receive ongoing royalty payments equal to 1.5% of net smelter returns as calculated and paid in accordance with the royalty terms. On any part of the mineral claims that constitute lands comprising Indian Reserve #88, and where an underlying net smelter return royalty has been granted to another Person as of the date of the option agreement and remains in existence as of the effective date of the joint venture agreement and the participant whose participating interest is so converted shall be entitled thereafter to receive ongoing royalty payments equal to 1.0% of net smelter return as calculated and paid in accordance with the royalty terms.

Both companies are willing to maintain a supportive relationship with the Sandy Lake First Nation (SLFN) to advance the project. Through the joint venture agreement, the participants in the joint venture will continue to work collaboratively with SLFN and build on the existing relationship for the mutual benefit of all parties. SLFN will be an important source of personnel, infrastructure, and services for the Sandy Lake Property during the early exploration phase, and as the project advances.

The participants in the joint venture have continuing liabilities upon adjustment of their participating interest. Any reduction or elimination of either participant's participating interest does not relieve such participant of its proportionate share of any liabilities, including, without limitation, continuing obligations, environmental liabilities, and environmental compliance, whether arising before or after the reduction or elimination, but prior to such reduction or elimination, regardless of when any funds may be expended to satisfy such liability.

G2 has been granted these exclusions by the Ministry of Northern Development and Mines after work on the claims could not be performed as planned, because work permits were not issued due to complications resulting from the consultation process required under the Mining Act.

**Forecast 12 Month Budget**

The Company's estimated exploration budget on its properties is outlined below:

| | |
|---|---|
| Sandy Lake Property – Complete Phase 1 of the Exploration Program (Access/Exploration Agreements with First Nations and GeophysicalSurveys) | ($364,000) |

## Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by S2 in its annual filings, filings or other reports filed or submitted under securities legislation is recorded, processed, summarized, and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with S2's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of and annual filings and other reports provided under securities legislation.

## Summary of Quarterly Information

| Three Months Ended | Total Revenue $ | Profit or Loss | |
|---|---|---|---|
| | | Total $ | Basic and Diluted Loss Per Share $ [1] |
| May 31, 2021 | nil | (1,443,842) | (0.35) |
| February 28, 2021 | nil | (135,416) | (0.00) |

[1] Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

## Discussion of Operations

Period ended May 31, 2021

The Company's net loss totaled $1,579,258 for the period ended May 31, 2021, with basic and diluted loss per share of $0.35. The increase in net loss of $1,579,258 was principally because:

- Exploration and evaluation increased by $1,301,367 for the period ended May 31, 2021. S2 acquired all the claims comprising the Sandy Lake Property as part of a spin-out transaction completed by way of a plan of arrangement with G2.

- Professional fees were $268,640 for the period ended May 31, 2021. These fees relate to the legal and accounting fees for the spin-out of the Sandy Lake Project with G2.

Three Months Ended May 31, 2021

The Company's net loss totaled $1,443,842 for the three months ended May 31, 2021, with basic and diluted loss per share of $0.35. The increase in net loss of $1,443,842 was principally because:

- Exploration and evaluation increased by $1,301,367 for the period ended May 31, 2021. S2 acquired all the claims comprising the Sandy Lake Property as part of a spin-out transaction completed by way of a plan of arrangement with G2.

- Professional fees were $133,224 for the period ended May 31, 2021. These fees relate to the legal and accounting fees for the spin-out of the Sandy Lake Project with G2.

## Liquidity and Capital Resources

The Company derives no income from operations. The Company's approach to managing liquidity risk is to ensure that it will have sufficient to meet its liabilities when due. As of May 31, 2021, the Company had a cash balance of $1,194,781. The Company was dependent on the successful completion of the rights offering (the "Rights Offering") that was contemplated in the Arrangement. The Rights Offering was fully subscribed, and the Company received proceeds of $1,265,567 in May 2021. S2 has approximately $1.2 million available for the principal purposes of exploration and development of the Sandy Lake Property and general corporate and working capital purposes. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for S2 to achieve its objectives. S2 may also require additional funds to fulfill its expenditure requirements to meet existing and any new business objectives and expects to either issue additional securities or incur debt to do so. There can be no assurance that additional funding required by S2 will be available, if required. It is anticipated that the available funds will be sufficient to satisfy S2's objectives for the forthcoming 12- month period. The amounts shown in the table below are estimates only and are based on the information available to S2 as of the date hereof.

**Forecast 12 Month Budget**

| | |
|---|---|
| Funds Available to S2 | $1,194,781 |
| Sandy Lake Property – Complete Phase 1 of the Exploration Program (Access/Exploration Agreements with First Nations and Geophysical Surveys) | ($364,000) |
| Travel | ($42,000) |
| Office | ($42,000) |
| Salary | ($50,000) |
| Legal and Audit | ($75,000) |
| **Excess Funds Available to S2 for General Working Capital** | **$621,781** |

See "Risk Factors" below, "COVID-19" under "Trends" above, and "Caution Note Regarding Forward-Looking Statements" above.

Additional measures have been undertaken or are under consideration to further reduce corporate overhead.

## Selected Annual Financial Information

The following is selected financial data derived from the audited financial statements of the Company as of May 31, 2021, and for the period ended May 31, 2021.

| Description | Period Ended May 31, 2021 $ |
|---|---|
| Net loss | (1,579,258) |
| Net loss per common share – basic and diluted | (0.35) |
| | |

| Description | May 31, 2021 $ |
|---|---|
| Total assets | 1,215,720 |

## Cash Flow Items

### Operating Activities

Activity for the period ended May 31, 2021, were cash expended in operations of $55,787. These expenditures relate largely to ongoing operating costs of the Company and its overheads and a pay down of accounts payable.

### Financing Activities

Financing activity relates to the Rights Offering. The Company received proceeds of $1,265,567 in May 2021. Aggregate financing activities amounted to $1,250,568.

## Outlook

Although there can be no assurance that additional funding will be available to the Company, management is of the opinion that the gold price will be favourable, and hence it may be possible to obtain additional funding for its projects.

Notwithstanding, the Company is mindful that the gold price could fall with little or no warning. Accordingly, its plans for the near term are to monitor market fundamentals and to ensure that the Company is well positioned to weather any possible resurgence of a market downturn. See "Risk Factors".

## Transactions with Related Parties

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers, excluding the Chief Financial Officer and the Corporate Secretary. For the period from November 30, 2020 (date of incorporation) to May 31, 2021, there were no transactions or balances owed to management.

As of May 31, 2021, the amount of $129,898 is owed to G2, a company with common directors and management with S2, which is unsecured, non-interest bearing, and due on demand. The amount is included in current liabilities. The purpose of the loan was to provide funding to S2 until the Arrangement was completed during the period then ended.

**Major shareholder**

To the knowledge of the directors and senior officers of the Company, as of May 31, 2021, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than Patrick Sheridan, who owns 8,697,421 common shares or 34.36% of the outstanding common shares.

## Share Capital

As at the date of this MD&A, the Company had 25,311,335 issued and outstanding common shares.

## Change in Accounting Policies

During the period ended May 31, 2021, the Company changed its accounting policy of capitalizing exploration and evaluation expenditures. The Company believes that expensing such costs as incurred provides more reliable and relevant financial information. It is more relevant and reliable because this policy eliminates the use of estimates and judgments regarding the valuation of exploration and evaluation assets and aligns the analysis to when the mineral property is considered economically and commercially viable. The cost of exploration properties, including the cost of acquiring prospective properties and exploration rights, and exploration and evaluation costs are expensed until it has been established that a mineral property is commercially viable. Previously, the Company had an accounting policy of capitalizing these amounts which was presented in the Company's listing statement filed with the TSX Venture Exchange.

## Future Accounting Policies

*Future accounting policies*

**IAS 1 Classification of Liabilities as Current or Non-Current (Amendment)**

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability

This amendment is effective for annual periods beginning on or after January 1, 2022 and is to be applied retrospectively. There is currently a proposal in place to extend effective date for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet determined.

## Financial Risk Factors

The Company manages its exposure to several different financial risks arising from operations as well as from the use of financial instruments, including market risks (foreign currency exchange rate and interest rate), credit risk and liquidity risk, through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility. Financial risks are primarily managed and monitored through operating and financing activities. The Company does not use derivative financial instruments. The financial risks are evaluated regularly with due consideration to changes in key economic indicators and to up-to-date market information. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### (a) Credit Risk

Credit risk is the financial risk of non-performance of a contracted counter party. The Company's credit risk is primarily attributable to cash. The Company reduces its credit risk by maintaining its cash with reputable financial institutions.

### (b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities as they come due. The Company's investment policy is to invest its excess cash in high grade investment securities with varying terms to maturity, selected about the expected timing of expenditures for continuing operations. The Company monitors its liquidity position and budgets future expenditures, in order to ensure that it will have sufficient capital to satisfy liabilities as they come due.

As at May 31, 2021, the Company had current liabilities of $278,843 and has cash of $1,194,781 to meet its current obligations. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

### (c) Market Risk

*Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has no significant risk to future cash flows from interest rate risk. The Company does not use derivative instruments to reduce its exposure to interest rate risk.

## Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income, and expenses. The Company evaluates its estimates on an ongoing basis and bases them on various assumptions that are believed to be reasonable under the circumstances. The Company's estimates are used for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results are likely to differ from these estimates. Should the Company be unable to meet its ongoing obligations, the realizable value of its assets may decline materially from current estimates.

The accounting policy estimates, and judgments described below are considered by management to be essential to the understanding and reasoning used in the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.

- Income taxes - measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs after the issuance of the financial statements.
- Going concern - Significant judgments are used in the Company's assessment of its ability to continue as a going concern.

## Risk Factors

### Risks Related to the Operations of S2

*Limited Operating History*

S2 was incorporated on November 30, 2020 and has a limited operating history and no operating revenues.

*Dependence on Management*

S2 will be very dependent upon the personal efforts and commitment of its directors and officers, especially Patrick Sheridan, S2's director and non-executive chairman of the Board, and Daniel Noone, S2's chief executive officer. If one or more of S2's proposed executive officers become unavailable for any reason, a severe disruption to the business and operations of S2 could result, and S2 may not be able to replace them readily, if at all. As S2's business activity grows, S2 will require additional key financial, administrative and mining personnel as well as additional operations staff. There can be no assurance that S2 will be successful in attracting, training, and retaining qualified personnel as competition for persons with these skill sets increase. If S2 is not successful in attracting, training, and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on S2's future cash flows, earnings, results of operations and financial condition.

*S2's Operations are Subject to Human Error*

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage S2's interests, and even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to S2. These could include loss or forfeiture of mineral claims or other assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort S2 might undertake and legal claims for errors or mistakes by S2 personnel.

*Financing Risks*

Additional funding will be required to conduct future exploration programs on the Sandy Lake Property and to conduct other exploration programs, in addition to the funds from the Rights Offering. If S2's proposed exploration programs are successful, additional funds will be required for the development of an economic mineral body and to place it in commercial production. The only sources of future funds presently available to S2 are the sale of equity capital, or the offering by S2 of an interest in its properties to be earned by another party or parties carrying out exploration or development thereof. There is no assurance that any such funds will be available for operations. Failure to obtain additional financing on a timely basis could cause S2 to reduce or terminate its proposed operations.

*Conflicts of Interest*

Certain directors and officers of S2 are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of S2, including possibly G2. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of S2. Directors and officers of S2 with conflicts of interest will be subject to the procedures set out in applicable corporate and securities legislation, regulation, rules, and policies.

*No History of Earnings*

S2 has no history of earnings or of a return on investment, and there is no assurance that the Sandy Lake Property or any other property or business that S2 may acquire or undertake will generate earnings, operate profitably or provide a return on investment in the future. S2 has no plans to pay dividends for some time in the future. The future dividend policy of S2 will be determined by the Board.

*Exploration and Development*

Resource exploration and development is a speculative business and involves a high degree of risk. There is no known body of commercial ore on the Sandy Lake Property. There is no certainty that the expenditures to be made by S2 in the exploration of the Sandy Lake Property or otherwise will result in discoveries of commercial quantities of minerals. The marketability of natural resources which may be acquired or discovered by S2 will be affected by numerous factors beyond the control of S2. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, 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 S2 not receiving an adequate return on invested capital.

*Environmental Risks and Other Regulatory Requirements*

The current or future operations of S2, including future exploration and development activities and commencement of production on its property or properties, will require permits or licences from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays because of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which S2 may require for the conduct of its operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any project which S2 might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions 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 such activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies and mine reclamation and remediation activities, or more stringent implementation thereof, could have a material adverse impact on S2 and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

*Nature of Mineral Exploration and Development*

All of S2's operations are at the exploration stage and there is no guarantee that any such activity will result in commercial production of mineral deposits. The exploration for 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 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 programs planned by S2 or any future development programs will result in a profitable commercial mining operation. There is no assurance that S2's mineral exploration activities will result in any discoveries of commercial quantities of ore. There is also no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production. Whether a mineral deposit will be commercially viable depends on several factors, some of which are: the attributes of the deposit, such as size, grade and proximity to infrastructure, 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. The long-term profitability of S2 will be in part directly related to the cost and success of its exploration programs and any subsequent development programs.

*No Operating History*

Exploration projects have no operating history upon which to base estimates of future cash flows. Substantial expenditures are required to develop mineral projects. It is possible that actual costs and future economic returns may differ materially from S2's estimates. There can be no assurance that the underlying assumed levels of expenses for any project will prove to be accurate. Further, it is not unusual in the mining industry for new mining operations to experience unexpected problems during start-up, resulting in delays and requiring more capital than anticipated. There can be no assurance that S2's projects will move beyond the exploration stage and be put into production, achieve commercial production or that S2 will produce revenue, operate profitably or provide a return on investment in the future. Mineral exploration involves considerable financial and technical risk. There can be no assurance that the funds required for exploration and future development can be obtained on a timely basis. There can be no assurance that S2 will not suffer significant losses in the near future or that S2 will ever be profitable.

*Commodity Prices*

The price of the Common Shares and S2's financial results may be significantly adversely affected by a decline in the price of gold and other mineral commodities. Metal prices fluctuate widely and are affected by numerous factors beyond S2's control. The level of interest rates, the rate of inflation, world supply of mineral commodities, global and regional consumption patterns, and speculative trading activities, the value of the United States dollar and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems, political systems, and political and economic developments. The price of mineral commodities has fluctuated widely in recent years and future serious price declines could cause potential commercial production to be uneconomic. A severe decline in the price of minerals would have a material adverse effect on S2.

*Acquisition Strategy*

As part of S2's business strategy, it will seek new exploration, development and mining opportunities in the resource industry. In pursuit of such opportunities, S2 may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into S2. S2 cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit S2.

*Dividend Policy*

No dividends on Common Shares have been paid by S2 to date. S2 anticipates that it will retain all earnings and other cash resources for the foreseeable future for the operation and development of its business. S2 does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Board after considering many factors, including S2's operating results, financial condition and current and anticipated cash needs.

*Permitting*

S2's mineral property interests are subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of existing permits, additional permits for any possible future developments or changes to operations or additional permits associated with new legislation. Prior to any development of any of their properties, S2 must receive permits from appropriate governmental authorities. There can be no assurance that S2 will continue to hold all permits necessary to develop or continue its activities at any particular property. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on S2, resulting in increased capital expenditures and other costs or abandonment or delays in development of properties.

*Land Title*

The acquisition of title to resource properties is a very detailed and time-consuming process. No assurances can be given that there are no title defects affecting the properties in which S2 has an interest. The properties may be subject to prior unregistered liens, agreements, transfers, or claims, including native land claims, and title may be affected by, among other things, undetected defects. Other parties may dispute the title to a property, or the property may be subject to prior unregistered agreements and transfers or land claims by Indigenous people. The title may also be affected by undetected encumbrances or defects or governmental actions. S2 has not conducted surveys of properties in which it holds an interest and the precise area and location of claims, or the properties may be challenged. S2 may not be able to register rights and interests it acquires against title to applicable mineral properties. An inability to register such rights and interests may limit or severely restrict S2's ability to enforce such acquired rights and interests against third parties or may render certain agreements entered into by S2 invalid, unenforceable, uneconomic, unsatisfied or ambiguous, the effect of which may cause financial results yielded to differ materially from those anticipated. Although S2 believes it has taken reasonable measures to ensure proper title to the properties in which it has an interest, there is no guarantee that such title will not be challenged or impaired.

*Influence of Third-Party Stakeholders*

The mineral properties in which S2 holds an interest, or the exploration equipment and road or other means of access which S2 intends to utilize in carrying out its work programs or general business mandates, may be subject to interests or claims by third party individuals, groups, or companies. If such third parties assert any claims, S2's work programs may be delayed even if such claims are not meritorious. Such claims may result in significant financial loss and loss of opportunity for S2.

*Insurance*

Exploration, development, and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, ground or slope failures, fires, environmental occurrences, and natural phenomena such as prolonged periods of inclement weather conditions, floods, and earthquakes. It is not always possible to obtain insurance against all such risks and S2 may decide not to insure against certain risks because of high premiums or other reasons. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage to S2's properties or the properties of others, delays in exploration, development or mining operations, monetary losses and possible legal liability. S2 expects to maintain insurance within ranges of coverage which it believes to be consistent with industry practice for companies of a similar stage of development. S2 expects to carry liability insurance with respect to its mineral exploration operations but is not expected to cover any form of political risk insurance or certain forms of environmental liability insurance, since insurance against political risks and environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is prohibitively expensive. Should such liabilities arise, they could reduce or eliminate future profitability and result in increasing costs and a decline in the value of the securities of S2. If S2 is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy. The lack of, or insufficiency of, insurance coverage could adversely affect S2's future cash flow and overall profitability.

*Significant Competition for Attractive Mineral Properties*

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. S2 expects to selectively seek strategic acquisitions in the future, however, there can be no assurance that suitable acquisition opportunities will be identified. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than S2, S2 may be unable to acquire additional attractive mineral properties on terms it considers acceptable. In addition, S2's ability to consummate and to effectively integrate any future acquisitions on terms that are favourable to S2 may be limited by the number of attractive acquisition targets, internal demands on resources, competition from other mining companies and, to the extent necessary, S2's ability to obtain financing on satisfactory terms, if at all.

**Risks Related to S2's Common Shares**

<u>Volatility of Market Price of Common Shares</u>

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond S2's control, including the following:

- actual or anticipated fluctuations in S2's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which S2 operates;
- addition or departure of S2's executive officers and other key personnel;
- sales or perceived sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving S2 or S2's competitors;
- operating and share price performance of other companies that investors deem comparable to S2;
- changes in commodity prices, political events, global financial markets and global economies and general market conditions;
- operating and share price performance of other companies that investors deem comparable to S2;
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in S2's industry; and

- regulatory changes in the industry.

A prolonged decline in the price of the Common Shares could result in a reduction in the liquidity of S2's Common Shares and a reduction in its ability to raise capital. Because a significant portion of S2's operations have been and will be financed through the sale of equity securities, a decline in the price of the Common Shares could be especially detrimental to S2's liquidity and its operations. Such reductions may force S2 to reallocate funds from other planned uses and may have a significant negative effect on S2's business plan and operations, including its ability to develop new products and continue its current operations. If S2's Common Share price declines, it can offer no assurance that it will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If S2 is unable to raise sufficient capital in the future, S2 may not be able to have the resources to continue its normal operations.

*Dilution*

Issuances of additional securities including, but not limited to, its Common Shares or warrants or some form of convertible debentures, will result in a substantial dilution of the equity interests of any Shareholders.

## Additional Information

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