

**FORTY PILLARS MINING CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS**

**For the three-month period ended May 31, 2021**

This management's discussion and analysis of the financial condition as of July 27, 2021 provides an analysis of the Forty Pillars Mining Corp.'s (the "Company") financial results and progress for the period ended May 31, 2021. This MD&A should be read in conjunction with the Company's condensed interim financial statements and notes thereto for the three-month period ended May 31, 2021 which were prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"). All amounts are expressed in Canadian dollars.

Certain statements and information related to the Company's business contained in this Management's Discussion and Analysis are of a forward-looking nature. They are based on opinions, assumptions or estimates made by the Company's management or on opinions, assumptions or estimates made available to or provided to and accepted by the Company's management. Such statements and information are reflecting management's current views and expectations of future events or results and are subject to a variety of risks and uncertainties that are beyond management control. Readers are cautioned that these risks and uncertainties could cause actual events or results to significantly differ from those expressed, expected or implied and should therefore not rely on any forward-looking statements.

**Description of Business**

Forty Pillars Mining Corp. was incorporated under the Business Corporations Act (British Columbia) ("BCBCA") on February 4, 2021. The address of its head office is located at Suite 488-625 Howe Street, Vancouver, British Columbia, Canada V6C 2T6. The Company's registered and records office is 400 – 725 Granville Street, Vancouver, British Columbia, Canada, V7Y 1G5.

The Company was created to facilitate an Arrangement Agreement dated April 2021. In accordance with the Arrangement Agreement, the Company was incorporated as a wholly-owned subsidiary of Origen Resources Inc. ("Origen"). Origen transferred its mineral exploration business and other assets to the Company in exchange for 6,485,174 common shares and \$66,894 in cash. The common shares were then distributed to the shareholders of Origen. The exchange in shares for the exploration business and other assets has been recorded as a capital transaction at the fair value of the net assets received.

The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses.

Pursuant to the April 2021 Plan of Arrangement, Origen completed a share reorganization and spun out its Silver Dollar Property, Beatrice Property and \$66,894 in cash to Forty Pillars in exchange for 6,485,174 common shares of Forty Pillars (the “Forty Pillars Shares”) valued at \$0.08.

On May 31, 2021, the Company was listed on the CSE under the symbol PLLR.

The fair value of the net assets transferred to the Company, pursuant to the Plan of Arrangement consisted of the following assets and liabilities:

Assets:	\$
Cash	66,894
Exploration and evaluation assets	451,920
Fair value of net assets contributed	518,814

In accordance with IFRIC 17, Distribution of Non-Cash assets to Owners, the Company recognized the distribution of net assets to the Company's shareholders at fair value.

### **Overall Performance**

The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations. As at May 31, 2021, the Company had working capital of \$28,622 had not yet achieved profitable operations and has an accumulated deficit of \$407,843 since its inception. The Company expects to incur further losses in the development of its business. All of these circumstances comprise a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. If the going concern assumption were not appropriate for the Company's financial statements, it could be necessary to restate the Company's assets and liabilities on a liquidation basis.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

**Mineral Properties**

The following is a breakdown of the material components of the Company's acquisition, and deferred exploration costs for the period ended May 31, 2021.

	Silver Dollar Property	Beatrice Property	Total
<b>Acquisition Costs</b>			
Opening, February 28, 2021	\$ -	-	\$ -
Plan of Arrangement	434,040	17,780	451,920
Additions during the period	-	-	-
Closing, May 31, 2021	434,040	17,780	451,920
<b>Exploration Costs</b>	-	-	-
<b>Balance, May 31, 2021</b>	<b>\$ 434,040</b>	<b>\$ 17,780</b>	<b>\$ 451,920</b>

Below is a description of the material mineral projects and the underlying agreements:

**Silver Dollar Property, British Columbia**

On April 28, 2020, the Company acquired the Silver Dollar Property as part of the Plan of Arrangement.

The Company owns a 100% interest in the Silver Dollar Property, located in the Revelstoke Mining District of British Columbia, subject to an existing 1.0% net smelter return ("NSR") royalty held by Happy Creek Minerals Ltd., beginning upon commencement of commercial production on the property.

Raffles entered into an option agreement with Exploits on August 14, 2018, whereby Exploits had the right to acquire a 75% interest in the Silver Dollar Property. On November 9, 2020, Exploits elected to terminate the option agreement. The Company is required to complete exploration expenditures of \$66,894 to keep the property in good standing. The Company has until December 31, 2021 to incur the required exploration expenditures.

Exploits and the Company were related by virtue of an officer of Exploits and a director of the Company being related.

**Beatrice Mineral Property, British Columbia**

On April 28, 2020, the Company acquired 100% of the Beatrice Mineral Property as part of the Plan of Arrangement. The Beatrice Mineral Property is located in the southern portion of the Silver Dollar property (referred to as the Gilman portion) and form part of the Silver Dollar Property.

**Results of Operations**

Period ended May 31, 2021

The Company reported net loss for the period ended May 31, 2021 of \$407,843. The losses included \$253,385 of filing and listing costs comprised mainly of legal, audit and accounting services which related to the completing the Plan of Arrangement and share-based compensation of \$131,570.

The Company had no revenue during period ended May 31, 2021. General and administrative expenses amounted to \$407,843 of which \$4,048 was for professional fees, \$253,385 for filing and listing fees, \$11,680 for exploration fees, \$6,727 for website development fees, \$131,570 for share-based compensation and \$433 for bank charges and interest.

### **Summary of Quarterly Results**

<b>Quarter ended</b>	<b>Three month ended May 31, 2021 \$</b>
Revenue	Nil
Expenses	(407,843)
Net and comprehensive loss	(407,843)
Loss per share – Basic and diluted	(0.45)

As the Company was incorporated on February 4, 2021 there is only three quarters to present. During the three-month period ended May 31, 2021, the Company incurred costs comprised mainly of legal, audit and accounting services which related to the completing the Plan of Arrangement.

### **Liquidity and Capital Resources**

As at May 31, 2021, the Company has a working capital of \$28,622 compared to a working capital of \$1 at February 28, 2021 mainly due to the cash received from private placement and Plan of Arrangement, reduced by the accounts payable as of May 31, 2021.

For the period ended May 31, 2021, the Company used cash of \$(81,542) in operating activities, due to filing and listing costs, operating expenses and change in accounts payable and receivables.

The Company's principal assets are at an exploration stage and as a result the Company has no current source of operating cash flows. The Company relies on its ability obtain equity financing to fund administration expenses and future exploration programs. The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent on the successful completion of a financing or by monetizing assets. There is no certainty that these and other strategies will be successful.

### **Share Capital**

The Company's authorized capital consists of an unlimited number of common shares without nominal or par value. As of the date of this MD&A, the Company has 13,985,174 issued and outstanding common shares.

During the period ended May 31, 2021:

On February 4, 2021, the date of incorporation, the Company issued one common share at a price of

\$1. On May 25, 2021, one common share was cancelled.

On May 25, 2021, 6,485,174 common shares of the Company were issued pursuant to the Plan of Arrangement.

On May 25, 2021, the Company closed a private placement for gross proceeds of \$600,000 through the sale of 7,500,000 shares at a price of \$0.08 per share, of which \$362,000 was outstanding as of May 31, 2021.

### **Stock Options**

The Company has a Stock Option Plan (the "Plan") which provides that the number of options granted may not exceed 10% of the issued and outstanding shares. Options granted under the Plan generally have a five-year term and are granted at a price no lower than the market price of the common shares at the time of the grant.

Options vested in different stages. During the period ended May 31, 2021, the Company recognized \$131,570 share-based payments for the vested options.

As of the date of this MD&A, the Company has issued 1,300,000 stock options to certain officers and directors of the company, which are exercisable at a price of \$0.11 for a year of five years.

### **Warrants**

As of the date of the MD&A, there are nil share purchase warrants outstanding.

### **Related Party Transactions**

Payments to key management personnel including the President and Chief Executive Officer, Chief Financial Officer, Directors and companies directly controlled by key management personnel are for salaries, consulting fees, management fees, or professional fees and are directly related to their position in the Company or to services provided to the Company.

The Company had incurred the following key management personnel cost from related parties:

	Period Ended May 31, 2021
	\$
Management fees	-
Share-based compensation	40,843

During the period ended May 31, 2021, the Company issued 400,000 stock options to the officers and directors of the Company. Upon the issuance, \$40,843 in share-based compensation expense was recorded.

### **Off Balance Sheet Agreements**

The Company has not engaged in any off-balance sheet arrangements during the period ended June 30, 2020.

### **Critical Accounting Policies and Estimates**

The details of the Company's accounting policies are presented in Note 3 of the condensed interim financial

## **Capital Management**

Capital is comprised of items within the Company's shareholder's deficiency. As at May 31, 2021, the Company's shareholder's deficiency was \$407,843. The Company's objectives when managing capital are to maintain financial strength and to protect its ability 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. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support for its projects. The Company is not subject to any externally imposed capital requirements.

## **Financial Instruments**

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

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

Level 3 – Inputs that are not based on observable market data.

The fair value of cash is based on Level 1 inputs of the fair value hierarchy.

The fair value of the Company's accounts payable approximates their carrying values due to their short-term nature.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

### *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 accounts payable are due within one year. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of stock market conditions generally or as a result of conditions specific to the Company. The Company's approach to managing liquidity risk is to ensure it will have sufficient liquidity to meet liabilities when due. As at May 31, 2021, the Company has cash of \$223,443 to settle current liabilities of \$204,711.

### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The interest rate risk on cash is not considered significant.

(b) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices and the stock market to determine the appropriate course of action to be taken by the Company.

**Risk and Uncertainties**

The Company's operations and results are subject to a number of different risks at any given time. These factors include, but are not limited to, disclosure regarding exploration, additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards, insurable risk and limitations of insurance, management, foreign country and regulatory requirements, currency fluctuations and environmental regulation risk.

a) the state of the capital markets, which will affect the ability of the Company's to finance mineral property acquisitions and expand its contemplated exploration programs;

b) the prevailing market prices for base metals and precious metals;

c) the consolidation and potential abandonment of the Company's property as exploration results provide further information relating to the underlying value of the property; and

d) the ability of the Company to identify and successfully acquire additional mineral properties in which the Company may acquire an interest whether by option, joint venture or otherwise, in addition to or as an alternative to the property.

**Other Risk Factors**

*Additional Financing*

The Company has limited financial resources and provides no assurance that it will obtain additional funding for future acquisitions and development of projects or to fulfill its obligations under applicable agreements. The Company provides no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's properties with the possible dilution or loss of such interests. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of exploration programs and general market conditions

for natural resources. The Company provides no assurance that it can operate profitably or that it will successfully implement its plans for its further exploration and development of its properties.

### *Permits and Licenses*

The Company will require licenses and permits from various governmental and non-governmental authorities for its operations. The Company has obtained, or plans to obtain, all necessary licenses and permits required to carry on the activities it is currently conducting or which it proposes to conduct under applicable laws and regulations. However, such licenses and permits are subject to change in regulations and in various operating circumstances. The Company provides no assurance that it will obtain all necessary licenses and permits required to carry out exploration, development and mining operations.

### *Political Regulatory Risks*

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, and labour relations, repatriation of income and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of the properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate the properties. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

### *Currency Risk*

Currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in United States dollars. The Company's costs are incurred primarily in Canadian dollars.

### *Dependence on Key Individuals*

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company. In addition, the Company will be highly dependent upon contractors and third parties in the performance of its exploration and development activities. The Company provides no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms.

### *Competitive Factors in the Precious and Base Metals Markets*

Most mineral resources including precious and base metals are essentially commodities markets in which one would expect to be a small producer with an insignificant impact upon world production. As a result, production, if any, would be readily sold and would likely have no impact on world market prices. The significant downturn in the world economies in recent months has driven the commodities prices much lower which has made raising capital more difficult than past years.



**Outstanding Share Data**

The following table summarizes the outstanding share capital as of the date of the MD&A:

	Number	Exercise Price	Expiry Date
Common Shares	13,985,174	n/a	n/a
Stock Options	1,300,000	\$0.11	May 31, 2026
Warrants	-	-	-

**Forward-Looking Information**

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward looking statements. Forward looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar, fluctuations in the prices of commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company’s actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

**Additional Information in relation to the Company**

Additional information relating to the Company is available at on SEDAR at [www.sedar.com](http://www.sedar.com) under Forty Pillars Mining Corp.