

**SILVERSTOCK METALS INC.**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

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REPORT DATE

July 29, 2022

*The following discussion and analysis is prepared as of July 29, 2022, and should be read in conjunction with the consolidated financial statements of Silverstock Metals Inc. for the years ended March 31, 2022 and 2021, which are prepared in accordance with International Financial Reporting Standards ("IFRS" as issued by the International Accounting Standards Board ("IASB")) and the notes thereto.*

**Introduction**

This section contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from those discussed in forward-looking statements because of various factors, including those described under "Forward Looking Information".

**Forward Looking Information**

This MD&A contains "forward-looking information" and "forward-looking statements" (together, "forward looking statements") within the meaning of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements concern the Company's anticipated results and developments in the Company's operations in future periods, planned exploration and development of its property, plans related to its business and other matter that may occur in the future. Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of mineralization that will be encountered if the property is developed. Any statements that discuss with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates", or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward looking statements. While the Company has based these forward-looking statements on its expectations about future events as at the date that such statements were prepared, the statements are not a guarantee of the Company's future performance and are subject to risks, uncertainties, assumptions, and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Such factors and assumptions include, amongst, other, the effects of general economic conditions, the supply and demand for silver and other precious and base metals, the level and volatility of prices of precious and base metals, the availability of financing to fund the Company's ongoing and planned exploration and research and development activities, the political climate, the Company's ongoing relations with local communities and local governments, and uncertainties associated with legal proceedings and negotiations and misjudgements in the course of preparing forward-looking statements. In addition, there are also known and unknown risk factors which may cause actual events or results to differ from those expressed or implied by the forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described in this MD&A under "Risk Factors". Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements.

Forward-looking statements are made based on management's experience, beliefs, estimates and opinions on the date the statements are made, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by law.

Investors are cautioned against attributing undue certainty to forward-looking statements.

## OVERVIEW

This Management Discussion and Analysis (the “**MDA**”) provides relevant information on the operations and financial condition of Silverstock Metals Inc. (the “**Company**”) for the year ended March 31, 2022.

All monetary amounts in the MDA and in the financial statements are expressed in Canadian dollars, unless otherwise stated. Financial results are being reported in accordance with International Financial Reporting Standards (“**IFRS**”).

The Company’s certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings 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 was made, with respect to the period covered by these filings.

The Company was incorporated on September 1, 2020 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is 2710 – 200 Granville Street, Vancouver, British Columbia, Canada.

On August 4, 2021, the British Columbia Securities Commission issued a receipt for the Company’s Long Form Prospectus and the Company became a reporting issuer in British Columbia and Alberta. On August 27, 2021, the Company’s common shares were listed on the Canadian Securities Exchange (“**CSE**”) and the Company became a reporting issuer in Ontario. On August 30, 2021, the Company announced the completion of its initial public offering (the “**IPO**”) of 4,500,000 common shares at a price of \$0.10 per common share. The common shares of the Company commenced trading on the CSE on September 1, 2021 under the trading symbol **STK**.

## NATURE OF BUSINESS

The Company is engaged in the business of acquiring and exploring mineral resource properties. With a focus on gold and silver. The Company’s sole property is the Gold Cutter Property (the “**Property**”), located in the British Columbia interior, approximately 12 km northwest of the town of Barriere, in the Kamloops Mining Division.

## OVERALL PERFORMANCE FOR THE YEAR ENDED MARCH 31, 2022

On June 8, 2021 the Company published a National Instrument 43-101 Technical Report on the Gold Cutter Project located in central British Columbia. In conjunction with the report, the company published a prospectus to potential investors offering to sell 4,500,000 shares in the Company at \$0.10 a share price. It was also at this time that the Company entered into a option agreement with owners of the Gold Cutter property to option the property from them for a period of five years.

On September 1, 2021 the Company’s final prospectus was accepted by the BC Securities Exchange, the Company completed its Initial Public Offering “**IPO**” and began trading on the Canadian Stock Exchange “**CSE**”.

In October 2021 two geologists and a prospector spent five days on the property conducting additional sampling and geological reconnaissance. This exploration work followed-up on exploration conducted 2020. The follow-up work completed in 2021 extended and north-northeast trending zone of quartz-ankerite-pyrite alteration in volcanics discovered in 2020 and further assessed soil/lithochemical and magnetic/structural targets inferred from the 2020 data. Fill-in prospecting and geological mapping in areas not previously assessed were also undertaken. This information was disclosed on Sedar on February 11, 2022.

On June 9, 2022 the Company announced that two main targets had emerged from the two prospecting reconnaissance campaigns. The Company will continue to review and assess the information it has obtained and lay out a path forward for 2022/2023

## Gold Cutter Property

|   |           |                |
|---|-----------|----------------|
| Balance incorporation September 1, 2020 | \$        | Nil            |
| Acquisition costs:                      |           |                |
| Cash                                    |           | 43,121         |
| Deferred exploration costs:             |           |                |
| Geophysical                             |           | 26,600         |
| Consulting                              |           | 50,567         |
| Report preparation                      |           | 13,700         |
| Assay                                   |           | 18,455         |
| Field                                   |           | 19,874         |
| <b>Balance March 31, 2022</b>           | <b>\$</b> | <b>172,317</b> |

Pursuant to an option agreement dated September 2, 2020 (the "Property Option Agreement"), with Ron Bilquist the "Optioner"), the Company was granted an option to acquire a 100% undivided interest in the Property in the Kamloops Mining Division, British Columbia.

To exercise the option the Company must make cash payments of \$445,000 and issue 500,000 common shares to the Optionors as follows:

|   | Common Shares | Cash      |
|---|---------------|-----------|
| Upon signing of the agreement (paid)  |               | \$ 5,000  |
| On or before the Company's common shares listed on the Canadian Stock Exchange ("CSE") (the "Listing") (paid) |               | \$10,000  |
| Within 15 days of the Listing (issued)  | 150,000       |           |
| On or before August 26, 2022  | 150,000       | \$15,000  |
| On or before August 26, 2023  | 100,000       | \$25,000  |
| On or before August 26, 2024  | 100,000       | \$25,000  |
| On or before August 26, 2025  |               | \$40,000  |
| On or before August 26, 2026  |               | \$100,000 |
| On or before August 26, 2027  |               | \$225,000 |
| Total   | 500,000       | \$445,000 |

Upon commencement of commercial production, the Optionors will receive a 1.8% Gross Smelter Returns Royalty.

The Property is comprised of two mineral tenures covering an area of 1,821 hectares; the property has numerous occurrences of gold and silver vein mineralization and has been the focus of exploration programs to determine its economic potential.

The Company has completed two exploration programs including geological reconnaissance, ground geophysics and soil surveying at the property and additional prospecting is being considered. The objectives would be to develop precise drilling targets and to highlight other parts of the Property for advanced work. The budget for this work has not been determined. The Company is also considering examining other potential business deals for silver properties in other countries around the world.

## **RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

### **Selected Annual Information**

|   |                | From Incorporation on<br>September 1, 2020 to |  |
|---|----------------|---|--|
|   | March 31, 2022 | March 31, 2021                                |  |
|   | \$             | \$  |  |
| Loss for the year, attributable to owners of the parent | 102,280        | 70,382  |  |
| Loss per share, basic and fully diluted                 | 0.01           | 0.01  |  |
| Total assets  | 826,314        | 256,119                                       |  |
| Total current liabilities                               | 21,566         | 27,000  |  |
| Total non-current financial liabilities                 | -              | -   |  |

As the Company is an exploration company, the Company has recorded no revenue.

In 2022 there was an overall increase in all operating expenses as the Company was in operation for the entire year as compared to 2021 when the Company only operated from its incorporation date of September 1, 2020 to March 31, 2021. The Company incurred a full year of consulting fees, and rent, \$55,500 and \$6,000 respectively, compared to \$23,500 and \$3,500 in 2021. The Company also began incurring regulatory and filing fees related to it being listed on the Canadian Stock Exchange (CSE). Professional fees were also higher in 2022 at \$28,781 compared to \$7,500 in 2021, this was also directly to its listing on the CSE. Total assets increased \$570,195 as the Company completed its second exploration program on the Gold Cutter property \$70,385, completed its initial public offering for net proceeds of \$317,909 and, investors exercised warrants totaling \$360,000.

In 2021 the Company was in operation from its incorporation date on September 1, 2020 to March 31, 2022. The Company's largest operating expenses for the period were Share-based payments of \$30,000 related to its share offering on September 29, 2020 and consulting fees of \$23,500. Total assets increased from zero to \$256,119 as the Company initiated its first share offerings, \$269,501, and started exploration work on the Gold Cutter property \$101,932.

### **Selected Quarterly Financial Information**

|   | Three months<br>ended March 31,<br>2022 | Three months<br>ended December<br>31, 2021 | Three months ended<br>September 30,<br>2021 | Three months<br>ended June 30,<br>2021 | Three months<br>ended March 31,<br>2021 | Period from<br>incorporation on<br>September 1,<br>2020 to December<br>31, 2020 |
|---|---|--|---|--|---|---|
| Expenses                                | \$38,149                                | \$24,204                                   | \$29,704                                    | \$15,437                               | \$57,993                                | \$12,389  |
| Net loss                                | (38,149)                                | (24,204)                                   | (29,704)                                    | (15,437)                               | (57,993)                                | (12,389)  |
| Basic and diluted net loss<br>per share | (0.00)                                  | (0.00)                                     | (0.00)                                      | (\$0.00)                               | (\$0.00)                                | (\$0.01)  |
| Cash                                    | 640,216                                 | 307,981                                    | 366,336                                     | 122,444                                | 154,037                                 | 3,541   |
| Assets                                  | 826,314                                 | 486,745                                    | 514,359                                     | 226,308                                | 256,119                                 | 97,754  |
| Working Capital                         | 632,431                                 | 311,361                                    | 362,805                                     | 82,764                                 | 127,187                                 | 2,791   |

During the quarter ended March 31, 2022 the Company incurred a net loss of \$38,149 which included \$15,000 in consulting fees, \$12,626 in professional fees, \$6,000 in share-based payments, \$2,712 in regulator filing fees and \$1,500 in rent.

During the quarter ended December 31, 2021 the Company incurred a net loss of \$24,204 which included \$13,500 in consulting fees, \$6,942 in rent, general administrative and filing fees, and \$3,762 in professional fees.

During the quarter ended September 30, 2021 the Company incurred a net loss of \$29,704 which included \$13,500 in consulting fees, \$3,811 in rent, general administrative and filing fees, and \$12,393 in professional fees.

During the quarter ended June 30, 2021, the Company incurred a net loss of \$15,437 which included \$13,500 in consulting fees and \$1,937 in rent and general administrative expenses.

During the quarter ending March 31, 2021, the Company incurred a net loss of \$57,993 which included \$30,000 in share-based payments, \$13,500 in consulting fees, \$7,500 in professional fees, \$5,493 in general and administration expenses, and \$1,500 in rent

During the period from incorporation on September 1, 2020 to December 31, 2020, the Company incurred a net loss of \$9,374 which included \$7,500 in consulting fees, \$1,500 in Rent and \$372 in general and administration expenses.

### Results of Operations for the three months ended March 31, 2022 and 2021

#### Operating Expenses

| Three months ended                      | March 31, 2022 | March 31, 2021 | Change   | Change |
|---|----------------|----------------|----------|--------|
|   |                |                | \$       | %      |
| Consulting fees                         | 15,000         | 13,500         | 1,500    | 11%    |
| General and administration              | 311            | 5,493          | (5,182)  | -94%   |
| Regulator filing fees                   | 2,712          | -              | 2,712    | 100%   |
| Rent                                    | 1,500          | 1,500          | -        | 0%     |
| Professional fees                       | 12,626         | 7,500          | 5,126    | 68%    |
| Share-based payments                    | 6,000          | 30,000         | (24,000) | -80%   |
| Total general & administrative expenses | 38,149         | 57,993         | (19,844) | -34%   |
| Net loss and comprehensive loss         | 38,149         | 57,993         | (19,844) | -34%   |
| Net loss attributable to:               |                |                |          |        |
| Owners of the Company                   | 38,149         | 57,993         | (19,844) | -34%   |
|   |                |                |          |        |

During the three-month period ended March 31, 2022, the net loss decreased by \$19,844 as compared prior period. The decreased loss is primarily driven by lower share based payments and lower general and administration expenses. Changes from period to period can be explained by the following factors.

- a) Share-based payments decreased by \$24,000, The higher share-based payments in 2021, is driven by the initial share offering and the share-based payment component. This only applied to first share offering.
- b) General and administration expenses decreased by \$5,182 and is driven by a large GST input tax credit write-off that occurred in 2021. This will not be a recurring item.
- c) Professional fees and regulator filing fees increased \$5,126 and \$2,712 respectively and is driven by the company preparing its initial IPO and listing on the Canadian Stock Exchange (CSE)
- d) Consulting fees increased by \$1,500 and is driven by a \$500/month increase in administrative services that occurred in 2022.

## Results of Operations for the years ended March 31, 2022 and 2021

### Operating Expenses

| Year ended                      | March 31, 2022 | March 31, 2021 | Change   | Change |
|---------------------------------|----------------|----------------|----------|--------|
|                                 |                |                | \$       | %      |
| Consulting fees                 | 55,500         | 23,500         | 32,000   | 136%   |
| General and administration      | 4,174          | 5,882          | (1,708)  | -29%   |
| Regulator filing fees           | 7,825          | -              | 7,825    | 100%   |
| Rent                            | 6,000          | 3,500          | 2,500    | 71%    |
| Professional fees               | 28,781         | 7,500          | 21,281   | 284%   |
| Share-based payments            | 6,000          | 30,000         | (24,000) | -80%   |
| Net loss and comprehensive loss | 108,280        | 70,382         | 37,898   | 54%    |
| Net loss attributable to:       |                |                |          |        |
| Owners of the Company           | 108,280        | 70,382         | 37,898   | 54%    |

During the year ended March 31, 2022, the Company incurred at net loss of \$108,280 compared to a net loss of \$70,382 during the year ended March 31, 2021. The increase in net loss is primarily due to the Company being in operation for a full year in 2022 as compared to 2021 when the Company was in operation for seven months.

- (a) Consulting fees increased \$32,500 in 2022 and reflect a full year of administrative services at \$3,000/month and CFO services at \$2,000/month. Administrative services in increased from \$2,500 to \$3,000/month starting January 1, 2022.
- (b) Regulatory filing fees increased \$7,825 in 2022 and reflect the Company becoming a reporting issuer on the Canadian Stock Exchange (CSE) starting in September 2021.
- (c) Rent increased \$2,500 in 2022 and reflects a full year's office rent as compared to seven months in 2021
- (d) Professional fees increased \$21,281 and reflects higher legal fees associated with the Company becoming a reporting issuer on the CSE, and audit services related to a full years financial statements compared to a partial year in 2021.
- (e) Share-based payments decreased by \$24,000, The higher share-based payments in 2021, is driven by the initial share offering and the share-based payment component. This only applied to first share offering.

### CAPITAL MANAGEMENT

The Company defines capital that it manages as shareholders' deficiency, consisting of issued common shares, stock options and warrants included in reserves.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, to support the acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The property in which the Company currently has an interest is in the exploration stage; as such the Company will continue to rely on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the

relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the period.

### LIQUIDITY AND CAPITAL RESOURCES

The Company utilizes existing cash and the issuance of common shares to provide liquidity to the Company. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue the plans of identifying and completing a Qualifying Transaction, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

As at March 31, 2022, the Company had net working capital of \$632,431 (March 31, 2021 - \$127,187) which management considers to be enough for the Company to meet its ongoing obligations beyond one year.

During the year ended March 31, 2022 the Company had the following share transactions:

On August 3, 2021, the Company completed its IPO of 4,500,000 common shares at \$0.10 per common share for gross proceeds of \$450,000. The net proceeds of the IPO will be used for working capital and to carry out exploration of the Company's Gold Cutter Property. Research Capital Corp. acted as agent (the "Agent") for the IPO. The Agent received a cash commission equal to 10% of the gross proceeds of the IPO and a corporate finance fee of \$40,000, of which \$30,000 was paid in cash and \$10,000 in common shares of the Company. Additionally, the Company granted the Agent and its selling group compensation options entitling the holder to purchase in aggregate 450,000 common shares of the Company at a price of \$0.10 per share, exercisable on or before July 29, 2024.

The Company incurred share issuance costs of \$224,091 during the year ended March 31, 2022.

Pursuant to the Property Option Agreement, the Company issued 150,000 common shares to the Optionors on September 8, 2021.

During the year ended March 31, 2021, the Company had the following share capital transactions:

The Company issued 1 share on incorporation for proceeds of \$1.

On September 29, 2020 the Company issued 2,000,000 common shares at a price of \$0.005 per common share for gross proceeds of \$10,000. The fair value of the common shares was estimated to be \$40,000. Accordingly, the Company recorded share-based compensation of \$30,000 and a corresponding increase to contributed surplus.

On October 3, 2020 the Company issued 3,600,000 flow-through common shares at a price of \$0.02 per common share for gross proceeds of \$72,000 which the Company spent on Qualifying Canadian Exploration Expenditures ("CEE"). Each unit consisted of one flow-through common share and one share purchase warrant entitling the holder to purchase an additional common share at a price of \$0.10 per share for a period of eighteen months from the date of issuance. \$Nil value was assigned to the warrants or flow-through premium liability under the residual model.

On October 15, 2020 the Company issued 1,000,000 common shares at a price of \$0.02 per common share for gross proceeds \$20,000.

On February 5, 2021 the Company issued 4,000,000 common shares at a price of \$0.05 per common share for gross proceeds of \$200,000.

The Company has no long-term debt obligations.

### OUTSTANDING SHARE CAPITAL

(a) As of the date of the MDA the Company has 16,250,001 issued and outstanding common shares. The authorized share capital is unlimited no par value common shares.

(b) As at the date of the MDA the Company has 200,000 incentive stock options outstanding.

(c) As at the date of the MDA the Company has 3,150,000 warrants outstanding

## TRANSACTION WITH RELATED PARTIES

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of its Executive Officers and Directors. Other related parties to the Company include companies in which key management have control or significant influence.

As at March 31, 2022 the liabilities of the Company include the following amounts to a director and officer:

|                |         |
|----------------|---------|
| Trade payables | \$2,100 |
|----------------|---------|

During the year ended March 31, 2022, the Company incurred consulting fees with an officer and director in the amount of \$24,000.

## PROPOSED TRANSACTIONS

In the normal course of business, the Company evaluates property acquisitions transaction and, in some cases makes proposals to acquire such properties. These proposals, which are usually subject to board, regulatory and sometimes shareholder approvals, may involve future payments share issuances, and property work commitments. These future obligations are usually contingent in nature and generally the Company is only required to incur the obligation if it wishes to continue with the transaction. As of the date of this report, the Company has possible transactions that it is examining. Management is uncertain whether any of these proposals will ultimately be completed.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

## INVESTOR RELATIONS

The Company is not engaged in any investor relations contractors. Any inquiries from existing or prospective investors are typically directed to James Walchuck, President and Chief Executive Officer of the Company.

## PROPOSED TRANSACTIONS

There is no imminent decision by the Board of Directors of the Company with respect to any transaction beyond what is included in this MDA.

## RISKS AND UNCERTAINTIES

The Company's business is mineral exploration. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, mineral prices, political, and economical.

The Company will take steps to verify the title to any properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties. These procedures do not guarantee the Company's title. Property titles may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant sources of operating cash flow and no revenue from operations. Additional capital will be required to fund the Company's exploration program. The sources of funds available to the Company are the sale of equity capital or the offering of an interest in its project to another party. There is no assurance that it will be able to obtain adequate financing in the future or that such financing will be advantageous to the Company.

The property interests to be owned by the Company or in which it may acquire an option to earn an interest are in the exploration stages only, are without known bodies of commercial minerals and have no ongoing operations. Mineral exploration involves a high degree of risk and few properties which are explored are ultimately developed into production. If the Company's efforts do not result in any discovery of commercial minerals, the Company will be forced to look for other exploration projects or cease operations.



The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties in which it previously had no interest. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liabilities to the Company.

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

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 measured at Level 1 of the fair value hierarchy. The carrying value of receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

### **Financial instruments risk factors**

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's credit risk is primarily attributable to cash and receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote and has deposited cash in high credit quality financial institutions.

#### *Liquidity risk*

As of March 31, 2022, the Company had cash balance of \$640,216 (March 31, 2021 - \$154,037) to settle current liabilities of \$21,566 (March 31, 2021 - \$27,000). The Company is not exposed to liquidity risk.

#### *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.

#### *Interest rate risk*

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade demand investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

#### *Foreign currency risk*

The Company is not exposed to foreign currency risk as no assets or liabilities are denominated in foreign currency.

#### *Price risk*

The Company's exposure to price risk with respect to equity prices is insignificant. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

## CRITICAL ACCOUNTING ESTIMATES

This MDA is based on the financial statements which have been prepared in accordance with IFRS. The preparation of the financial statements requires that certain estimates and judgments are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances.

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The accounting estimates for share based payments is based on the Black-Scholes option valuation model which was developed for use in estimating the fair value of traded options which were fully tradable with no vesting restrictions. This option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Since the Company's stock options have characteristics significantly different from those of traded options and since changes in the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the assessment of the Company's ability to continue as a going concern.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no changes in the Company's significant accounting policies during the year ended March 31, 2022 that had a material effect on its financial statements. The Company's significant accounting policies are disclosed in Note 2 to its financial statements for the year ended March 31, 2022.

### **New standards and interpretations adopted**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by IASB or IFRIC that are mandatory for future accounting periods. The following have been adopted by the Company:

*IFRS 16 Leases*: New standard to establish principles for recognition, measurement, presentation, and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The adoption of this new standards did not have a significant impact on the Company's condensed interim financial statements

## ADDITIONAL INFORMATION

Additional information relating to the Company is available on the SEDAR web site [www.sedar.com](http://www.sedar.com).