# Rock Edge Resources Ltd.
# Management's Discussion and Analysis
## For the nine months ended January 31, 2022

## Background

The following Management's Discussion and Analysis ("MD&A") is current as of March 31, 2022. This MD&A contains a review and analysis of financial results for Rock Edge Resources Ltd. ("the Company") for the nine months ended January 31, 2022.

This MD&A supplements but does not form part of the condensed interim financial statements of the Company and Notes thereto for the nine months ended September 30, 2021, and consequently should be read in conjunction with the afore-mentioned financial statements and notes thereto.

All amounts both in the Company's financial statements and this MD&A are expressed in Canadian dollars.

## Forward-Looking Statements

This MD&A contains certain "forward-looking information" which may include, but is not limited to, statements with respect to future events or future performance, management's expectations regarding the Company's growth, results of operations, estimated future revenues, requirements for additional capital, production costs and revenue, future demand for and prices of gold and precious metals, and business prospects and opportunities. In addition, statements relating to mineral estimates or mineralized material of recoverable metals are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that the metals can be profitably produced in the future. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative or grammatical variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; risks and uncertainties resulting from the effects of the COVID-19 pandemic and the related impacts to the economy and financial markets, development and/or exploration activities and the accuracy of probability simulations prepared to predict prospective mineral resources; changes in project parameters as plans continue to be refined; political instability or insurrection or war; labor force availability and turnover; delays in obtaining governmental approvals and permits or in the completion of development or construction activities or in the commencement of operations; as well as those factors discussed in the section entitled "Risks Factors" in this MD&A. These factors should be carefully considered and readers of this MD&A should not place undue reliance on forward-looking information.

Although the forward-looking information contained in this MD&A is based upon what management believes to be reasonable assumptions, there can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Such forward-looking information is made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise such forward-looking information to reflect new events or circumstances.

## Basis Of Presentation

In this document and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

## BUSINESS OVERVIEW

The Company is principally engaged in the acquisition and exploration of mineral properties.

The Company's primary asset is the Stockwork property. On September 23, 2020 the Company acquired an option to acquire a 100% undivided interest in the Stockwork Project near Vernon British Columbia.

The terms of the agreement require the Company to make cash payments totaling $155,000 and issue 600,000 common shares as follows:

a. $5,000 on signing of this Agreement - **paid**;
b. issue 100,000 common shares of the Optionee upon listing on a Canadian Exchange;
c. $20,000 and issue 100,000 common shares on or before the first anniversary of the listing;
d. $30,000 and issue 100,000 common shares on or before the second anniversary of the listing;
e. $100,000 and issue 300,000 common shares on or before the third anniversary of the listing.

The Company has the right to accelerate the exercise of the Option by completing all of the required cash payments and share issuances as set forth above.

Post the payment of the above obligation the property will be subject to a 3% NSR in favour of the optionor. The Company has the right to purchase the first 1% of the royalty for $750,000 and the remaining 2% of the net smelter royalty from the optionor for a further $1,000,000.

The value of the Company's exploration and evaluation asset was comprised of the following as of January 31, 2021:

| | Acquisition Costs | Exploration Costs | Total |
|---|---|---|---|
| Balance at April 30, 2020 | $ - | $ - | $ - |
| Additions: | | | |
| Cash | 5,000 | - | 5,000 |
| Assaying | | 9,847 | 9,847 |
| Equipment rental | - | 2,355 | 2,355 |
| Fuel, shipping and supplies | - | 998 | 998 |
| Geological consulting | - | 13,970 | 13,970 |
| Labour | - | 55,700 | 55,700 |
| Management fee | - | 7,960 | 7,960 |
| Meals and accommodation | - | 17,600 | 17,600 |
| Transportation | - | 8,588 | 8,588 |
| Permitting | - | 15,535 | 15,535 |
| Balance at April 30, 2021 | $ 5,000 | $ 132,553 | $ 137,553 |
| Labour – adjustment | | (1,500) | 54,200 |
| Consulting - adjustment | | (140) | 13,830 |
| Balance at January 31, 2022 | $ 5,000 | $ 130,913 | $ 135,913 |

An in depth analysis of the mineralization and survey history of the Stockworks Property can be found in the Company's prospectus at Sedar.com

The Company has proposed a two-phase exploration plan for the property. Phase one involves conducting a drone magnetic survey, soil sampling and a 3D IP Survey of the property.

Phase two involves further surface exploration including mapping, geochemistry analysis and a drilling program. Please refer to the prospectus for more details on the exploration plans.

## SUMMARY OF QUARTERLY RESULTS

Below is a summary of the Company's quarterly since inception, prepared under International Financial Reporting Standards:

| | Fiscal Year ending April 30, 2022 | | | Fiscal Year ended April 30, 2021 | | | |
|---|---|---|---|---|---|---|---|
| | **April, 30** | **January, 31** | **October, 31** | **April, 30** | **January, 31** | **October, 31** | **July, 31** |
| Net loss | (28,437) | (7,756) | (50,309) | 56,156 | (15,781) | (5,692) | - |
| Basic and diluted loss per share | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | - |

## Financial Performance

For the three months ended January 31, 2022

Net loss for the three-month period ended January 31, 2022 was $28,437 ( 2021 - $15,781). This included management fees of $5,000 (2021- $15,500) which declined as fees were waived due to the delays in getting the prospectus financing; professional fees of $6,466 mostly legal fees related to the prospectus and listing fees of $16,904.

The focus of the CEO was directed towards the on going assessment of the Company's Stockwork Property and the sourcing of additional working capital in order to proceed with the planned exploration phases.

For the nine months ended January 31, 2022

Professional fees of $81,935 in the nine-month period ended January 31, 2022. Professional fees were incurred primarily related the Company's on-going financial reporting requirements and IPO related costs. In the same period ended January 31, 2021 the Company did not incur any professional fees.

Management fees were $20,000 (2021- $19,250). Fees were paid to the CEO and CFO.

Share based compensation valued at $30,000 were awarded to directors, officers and consultants pursuant the Company's stock-option plan.

Initial listing fees of $16,904 were paid to the Canadian Stock Exchange.

## Cash Flows

Net cash used in operating activities in the nine months ended January 31, 2022 was $34,400.

Net cash used in operating activities was $36,040 (2020- $21,917) details of which are provided above.

Net cash recovered in investing activities in the nine months ended January 31, 2022 was $1,640 (2020 - 104,746) as a result of a refund on financing fees previously paid.

No cash was raised from financing during the nine-month period ended January 31, 2022 (2020 - $247,201).

## Liquidity and Capital Resources

Total shareholders' equity as of January 31, 2022 was $74,548 as follows:

| | | |
|---|---|---|
| Balance as of April 30, 2021 | $ | 193,752 |
| Current period loss | | (149,204) |
| Share based compensation | | 30,000 |
| Balance as of January 31, 2022 | $ | 74,546 |

The Company ended the period with cash of $34,865, a decrease of $34,400.

There was a working capital deficit of $61,365 as of January 31, 2022 compared to a surplus of $56,194 as at April 30, 2021.

The Company does not generate cash flows from operations and accordingly, the Company will need to raise additional funds through the issuance of shares. Although, the Company has been successful in raising funds in the past there can be no assurance that the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet obligations in the normal course of business. These factors may cast significant doubt regarding the Company's ability to continue as a going concern. Should the Company be unable to discharge liabilities in the normal course of business, the net realizable value of the Company's assets may be materially less than amounts on the statement of financial position.

On August 24, 2021 the Company engaged a lead agent for the Company's proposed initial public offering of common shares to be completed concurrent with the anticipated listing of the Company's shares on the Canadian Securities Exchange.

The Company intends to offer 3,500,000 common shares at a price of $0.10 for gross proceeds of $350,000 with a possible over-allotment of 15%.

## Share Capital

During the nine months period ended January 31, 2022, the Company did not issue any shares.

During the nine months period ended January 31, 2021, the Company issued 9,700,000 million shares for net proceeds of $247,200.

During the year ended April 30, 2021, the Company had the following transactions:

On September 22, 2020, the Company issued 2,000,000 common shares at a price of $0.005 per share for gross proceeds of $10,000.

On September 25, 2020, the Company issued 4,500,000 flow-through common shares at a price of $0.02 per share for gross proceeds of $90,000. The Company also issued 200,000 non-flow through common shares at a price of $0.02 per share for gross proceeds of $4,000 on the same date.

On November 20, 2020, the Company completed a private placement for 3,000,000 common shares at a price of $0.05 per share for gross proceeds of $150,000.

## Stock Options

The Company has adopted a rolling stock option plan that provides for options to be granted to a limit of 15% of the total number of issued and outstanding shares on a non-diluted basis.

On March 30, 2021, the Company granted 700,000 stock options to directors and officers of the Company. The stock options vested on the grant date and are exercisable at $0.10 per share until March 30, 2024.

## Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Key management includes directors and key officers of the Company, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

The Company incurred the following key management personnel costs during the nine months ended January 31, 2022:

| | Nine Months ended January 31, 2022 | Nine months ended January 31, 2021 |
|---|---|---|
| Management fees (Company controlled by CEO) | 20,000 | $ 11,250 |
| Management fees (Company controlled by CFO) | 3,762 | 6,800 |

As at January 31, 2022, included in the accounts payable balance is a total of $34,050 was owed to related parties. This includes $23,625 owed to a Company controlled by the CEO for management fees, $10,426 owed to a Company controlled by the CFO for management fees.

## Critical Accounting Estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial

statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

**Significant accounting estimates**

i. the measurement of deferred income tax assets and liabilities; and

**Significant accounting judgments**

i. the determination of categories of financial assets and financial liabilities;

ii. the evaluation of the Company's ability to continue as a going concern; and

iii. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable;

**Adoption of new accounting standards, interpretations and amendments**

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

**RISK FACTORS**

Exploration and Development

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Corporation may be affected by numerous factors which are beyond the control of the Issuer and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Issuer not receiving an adequate return of investment capital.

There is no assurance that the Corporation's mineral exploration and development activities will result in any discoveries of commercial bodies of ore, even in the event of the successful completion by the Corporation of phase 1 of its recommended exploration program. The long-term profitability of the Corporation's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. In the event the results of phase 1 of the exploration program do not warrant the completion of a second phase, the Corporation may be required to acquire and focus its operations on one or more additional mineral properties that the Issuer may acquire in the future. There can be no assurance that any such properties will be available for acquisition, by the Corporation, or that, if available, the terms of the acquisition will be favourable to the Corporation.

No Known Mineral Reserves

The Company's mineral properties are in the exploration stage and it is without known mineral reserves. Although the Company may discover mineral reserves through its exploration programs, commercial production may not be warranted due to insufficient quantities or unfavourable economic conditions.

In the event a mineral reserve is discovered, substantial expenditures are required to develop the mineral reserve for production including facilities for mining, processing, infrastructure and transportation. The marketability of any minerals discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately predicted, such as global economic conditions, mineral markets and mineral pricing, global smelting and refining availability, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is not warranted to commence or continue commercial production.

Dilution

The Company does not generate any revenues from production and may not have sufficient financial resources to undertake by itself all of its planned exploration programs. The Company has limited financial resources and has financed its operations primarily through the sale of common shares. The Company assesses various options for financing; however, the Company may need to continue its reliance on the sale of securities for future financing, resulting in potential dilution to the Company's existing shareholders. The amount of additional funds required will depend largely on the success of the Company's exploration programs.

Further exploration programs will depend on the Company's ability to obtain additional financing which may not be available under favorable terms, if at all. If adequate financing is not available, the Company may not be able to commence or continue with its exploration and development programs or to meet minimum expenditure requirements to prevent the full or partial loss of its mineral properties.

Key Personnel

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the operations of the Company. The Company's success is dependent to a great degree on its ability to attract and retain qualified management personnel. The loss of such key personnel, through incapacity or otherwise, may require the Company to seek and retain other qualified personnel and could compromise the pace and success of its exploration activities. The Company does not maintain key person insurance in the event of a loss of any such key personnel. Also, certain management personnel of the Company are officers and/or directors of other publicly-traded companies and may devote only part of their time to the Company.

Additionally, the Company has relied on and is expected to continue relying upon consultants and others for exploration and development expertise.

Industry Operating Hazards and Risks

Mineral exploration and development involve many risks, including location of commercially productive mineral resources or reserves, which may not occur even with a combination of experience, knowledge and careful evaluation. The operations in which the Company has a direct or indirect interest may be subject to some or all of the hazards and risks normally incidental to resource companies, any of which could result in work stoppages. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides, social disruptions, and the inability to obtain suitable or adequate machinery, equipment or labour are some of the industry operating risks involved in the development and operation of mines and the conduct of exploration programs. Other risks include injury or loss of life, severe damage to or destruction of property, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. The occurrence of any of these operating risks and hazards may have an adverse effect on the Company's financial condition and operations and may incur legal liability.

Although the Company will, when appropriate, secure liability insurance in an amount which it considers appropriate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that may have a material adverse effect upon its financial condition and operations.

Government Regulations and Political Climate

Mineral exploration on the Company's properties is affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) tax laws (iv) restrictions on production, price controls, and tax increases; (v) maintenance of claims; (vi) tenure; and (vii) expropriation of property through nationalization, requisition or confiscation. Any mineral exploration activities conducted by the Company, including commencement of production, require permits from governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, mining, production, exports, 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 in development and/or production and other schedules as a result of the need to comply with applicable laws, regulations and permits. All permits required for the conduct of exploration, development and mining operations, including the construction of mining facilities, may not be obtainable by the Company on reasonable terms, which would have an adverse effect on any mining project the Company might undertake. Additionally, 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 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 exploration, development or operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

To the best of the Company's knowledge, the Company is and will continue to operate in compliance with applicable legal and environmental regulations and social requirements. However, amendments to current governmental laws and regulations affecting mining companies, or the more stringent application thereof, or shifts in political conditions or attitudes could adversely affect the Company's operations including the potential to curtail or cease exploration programs or to preclude entirely the economic viability of a mineral property.

The extent of future changes to governmental laws and regulations cannot be predicted or quantified, but it should be assumed that such laws and regulations will become more stringent in the future. Generally, new laws and regulations will result in increased compliance costs, including costs and time and effort for obtaining permits, and increased delays or fines resulting from loss of permits or failure to comply with the new requirements.

COVID-19

The outbreak of the Coronavirus Disease 2019, or COVID-19, is impacting worldwide economic activity. This global pandemic poses the risk that the Company or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the Company's business, the continued spread of COVID-19 and the measures taken by the federal, provincial and municipal governments to contain its impact could adversely impact the Company's business, financial condition or results of operations. The extent to which the COVID-19 outbreak impacts the Company's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions.

**Financial Instruments**

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at January 31, 2022 are as follows:

| | Fair Value Measurements Using | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets For Identical Instruments (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| Cash | $ 34,865 | - | - | $ 34,865 |

The fair value of the Company's financial instruments approximates their carrying value as at the reporting date.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high-quality financial institution.

Liquidity risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

## DISCLOSURES

This MD&A supports information disclosed in the Company's financial statements. More information regarding the Company's mineral right interests can be found under Note 5 of the Company's financial statements for the current reporting period.

Off Balance Sheet Transactions

The Company has no off-balance-sheet transactions.

Proposed Transactions

The Company is in the process of filing a prospectus with in the provinces of Alberta and British Columbia

Concurrently, the Company intends to offer 3,500,000 common shares at $0.10 per common share to the public for gross proceeds of $350,000. The terms provide for an agents fee of 10% in cash and 10% in broker warrants with an option to sell up to an additional number of offered common shares equal to 15% of the aggregate number of offered shares in the offering. The agent will also be paid a corporate finance fee of $25,000.

The Company has no other proposed transactions to report other than outlined in Note 4 of the January 31, 2022 Financial Statements.

Critical Accounting Estimates

Please refer to the April 30, 2021 audited financial statements for critical accounting estimates.

**Internal Controls Over Financial Reporting**

There were no changes in the Company's internal control over financial reporting during the period from May 1, 2021 to January 31, 2022 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

Commitments and Contingencies

During the period ending October 31, 2021, the Company completed issuance of flow-through shares for gross proceeds of $90,000 (Note 5). The Company was required to spend the proceeds on qualified exploration programs no later than December 31, 2021. The Company renounced the expenditures and available income tax benefits to the flow-through shareholders effective December 31, 2021. As at October 31, 2021 the Company had incurred the required qualifying expenditures.