

ASHLEY GOLD CORP.
Management Discussion and Analysis
For the Three and Six Months Ended June 30, 2023

Background

The following Management’s Discussion and Analysis (“MD&A”) of Ashley Gold Corp. (the “Company”) is prepared as at August 28, 2023 and should be read in conjunction with unaudited condensed interim financial statements for the three and six months ended June 30, 2023 and the audited financial statements and the accompanying notes to the audited financial statements of the Company for the year ended December 31, 2022. Additional information regarding the Company is available on SEDAR at www.sedar.com.

Since July 15, 2020, the date of inception, the Company adopted International Financial Reporting Standards (“IFRS”). All dollar figures included in this MD&A are quoted in Canadian dollars unless otherwise stated. The unaudited condensed interim financial statements for the three and six months ended June 30, 2023, have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting and they do not include all of the information required for full annual financial statements in accordance with IFRS, as issued by the International Accounting Standards Board.

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 focused common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if 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.

This MD&A may contain forward looking statements based on assumption and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results. Additional information relevant to the Company’s activities can be found on SEDAR at www.sedar.com.

Forward Looking Statements

Certain information in this management discussion and analysis (“MD&A”) is forward-looking within the meaning of certain securities laws, and is subject to important risks, uncertainties and assumptions. The forward-looking information is based on certain assumptions, which could change materially in the future. The forward-looking information in this MD&A describes the Company’s expectations as of the date of this MD&A. The results or events anticipated or predicted in such forward-looking information may differ materially from actual results or events. The forward-looking information contained in this MD&A represents the expectations of the Company as of the date of this MD&A and, accordingly, is subject to change after such date. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date.

Company Overview

Ashley Gold Corp. (“Ashley” or the “Company”) was incorporated under the Business Corporations Act (Alberta) on August 28, 2020. The Company’s registered and operating office is at Suite 1150, 707 – 7th Avenue SW, Calgary, Alberta, T2P 3H6.

The Company’s principal business activity is the acquisition and exploration of mineral properties in the natural resource sector with the long-term goal of divesting its investment assets at a profit. The Company’s objective is to conduct an exploration program on its core exploration properties, the Ashley Property, Santa Maria Property, Howie Lake Property and Alto-Gardnar Property. As at June 30, 2023, the Company has not yet achieved profitable operations and had accumulated a deficit of \$1,364,807 (December 31, 2022 – \$519,268), and for the six months then ended, incurred a net loss of \$845,539 (June 30, 2022 - \$121,997) and negative working capital from operating activities of \$106,124 (December 31, 2022 - \$290,833).

On April 29, 2022, the Company completed its initial public offering of 7,000,000 units, at a price of \$0.10 per unit, for gross proceeds of \$700,000. Each unit consist of one common share in the capital of the Company and one common share purchase warrant of the Company. Each common share purchase warrant is exercisable into one common share at an exercise price of \$0.30. The Company paid the agent a cash commission equal to 10% of the gross proceeds and issued 700,000 agent’s warrants which are exercisable into one common share of the Company at an exercise price of \$0.10 and expire on October 29, 2023. The Company also incurred \$68,201 in related share issuance costs related to the agent’s expenses. Total net proceeds of the offering were \$561,799.

On May 2, 2022, the Common Shares of the Company commenced trading on the Canadian Stock Exchange (“CSE”) under the trading symbol “ASHL”.

The Company is focused on creating substantive long-term value for its shareholders through the discovery and development of world class gold deposits. The Company currently holds an option to earn:

100% of the Santa Maria subject to a 1.75% royalty;
100% interest in the Howie Lake Project subject to a 0.5% royalty;
100% interest in the Alto-Gardnar project subject to a 0.5% royalty;
100% of the Tabor Lake Lease subject to a 1.5% royalty.

Ashley is actively searching for additional high potential gold properties to add to its portfolio.

The Company is an early-stage natural resource company engaged primarily in the acquisition, exploration, and if warranted, development of mineral properties. The Company’s objective is to conduct efficient and economical exploration on its growing portfolio of high-quality gold projects, currently focused in northeastern and northwestern Ontario within the western Abitibi and the Eagle-Wabigoon-Manitou Lakes Greenstone Belts.

The Company is seeking for business opportunities which would be in the best interest and benefit to shareholders. Any such new business would be approved by independent share holders through a special shareholder meeting.

As of June 30, 2023, the Company had an accumulated deficit and expects to incur further loss in the development of its business. As a result, there is a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

Overall Performance

The following is a summary of significant events and transactions that occurred during the six months ended June 30, 2023 and the year ended December 31, 2022, and as at the filing date of this report:

1. On April 29, 2022, the Company completed its initial public offering of 7,000,000 units, at a price of \$0.10 per unit, for gross proceeds of \$700,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant of the Company. Each common share purchase warrant is exercisable into one common share at an exercise price of \$0.30. The Company paid the agent a cash commission equal to 10% of the gross proceeds and issued 700,000 agent’s warrants which are exercisable into one common share of the Company at an exercise price of \$0.10 and expire on October 29, 2023. The Company also incurred \$68,201 in related share issuance costs related to the agent’s expenses. Total net proceeds of the offering were \$561,799.
2. On May 12, 2022, the Company issued 300,000 common shares of the Company with a fair value of \$0.23 per share and paid \$100,000 cash to the vendors of Ashley Gold Property upon completion of a liquidity event such as trading on CSE per property option agreement dated July 22, 2020.
3. On September 26, 2022, the Company closed its first tranche of a non-brokered private placement of 792,000 units at \$0.10 per unit for gross proceeds of \$79,200. Each common share purchase warrant is exercisable into one common share at an exercise price of \$0.20 for a period of 24 months.

In connection with the non-brokered private placement, the Company paid a 4.5% cash finders’ fees totaling \$3,536 and issued 35,360 agent’s warrants. Each agent warrant is exercisable into one common share at an exercise price of \$0.10 per agent’s warrant for a period of 24 months.

4. On September 9, 2022, the Company purchased 64 claims (1,000 hectares) (hereinafter known as the “Howie Lake Property”) located SE of Dryden, Ontario. The Howie Lake property is subject to a 0.5% royalty with a buyback option at any time for \$500,000. Pursuant to the agreement, the Company paid \$10,000 and issued 50,000 common shares of the Company with a fair value of \$0.085 per share. On October 11, 2022, the Company issued 275,000 and 50,000 common shares of the Company with a fair value of \$0.085 per share for the acquisitions of Howie Lake and Alto-Gardnar properties, respectively.

5. On October 13, 2022, the Company entered into an asset purchase agreement to purchase 100% interest in a lease block located approximately 40 km SE of Dryden, known as the Tabor Lake Mine (257.1 hectares). Pursuant to the agreement, the Company shall issue 330,000 common shares, on satisfaction of all closing conditions, subject to 1.5% royalty with a buyback option at any time for \$750,000. As of the filing date of this report, the transaction is in the process of completion.
6. On December 21, 2022, the Company closed its second tranche of a non-brokered private placement of units for gross proceeds of \$84,000. The second tranche was comprised of:
 - 1) 450,000 flow-through units (“Flow-Through Units”) at a price of \$0.12 per unit for gross proceeds of \$54,000. Each Flow-Through Unit consists of one flow-through common share and one non-flow through common share purchase warrants. Each non-flow-through common share purchase warrant is exercisable into one non-flow-through common share at an exercise price of \$0.20 for a period of 24 months.
 - 2) 300,000 non-flow-through units (the “Non-Flow-Through Units”) at a price of \$0.10 per unit for gross proceeds of \$30,000. Each Non-Flow-Through Unit consists of one non flow-through common share and one non-flow through common share purchase warrant. Each non-flow-through common share purchase warrant is exercisable into one non-flow-through common share at an exercise price of \$0.20 for a period of 24 months.

In connection with the non-brokered private placement, the Company paid 8% cash finders’ fees totaling \$6,720, and issued 60,000 agent’s warrants. 36,000 agent warrants are exercisable into one common share at an exercise price of \$0.12 for a period of 24 months and 24,000 agent warrants are exercisable into one common share at an exercise price of \$0.10 for a period of 24 months.

7. On April 22, 2023, the Company entered into a non-arm’s length transaction, a Sale of Mining Claims with a related party, URSA, a Company controlled by a director of the Company, to purchase 100% interest in 11 claims located 40 km southeast of Dryden, Ontario, comprised of 5 Howie Lake Claims, 5 Alto-Garnar Claims and 1 Santa Maria Claim. Pursuant to the agreement, the Company agreed to pay \$1,100 for the 11 claims.
8. On May 23, 2023, the Company closed the acquisition of Tabor Lake Property for the asset purchase agreement dated October 13, 2022 to purchase 100% interest in a lease block located approximately 40 km SE of Dryden, known as the Tabor Lake Mine (257.1 hectares) and issued 330,000 common shares, on satisfaction of all closing conditions, subject to 1.5% royalty with a buyback option at any time for \$750,000.

Selected Annual Information

The following financial data, which has been prepared in accordance with IFRS, is derived from the Company’s unaudited condensed interim financial statements for the six months ended June 30, 2023 and audited financial information for the years ended December 31, 2022 and 2021.

	Six Months ended June 30, 2023	Year ended December 31, 2022	Year ended December 31, 2021
	\$	\$	\$
Revenue	-	-	-
Expenses	(234,302)	(292,027)	(214,807)
Other Items:			
Impairment expenses	(588,393)	-	-
Interest income	15	29	33
Stock-based compensation	(22,859)	-	-
Net loss and comprehensive loss	(845,539)	(291,998)	(214,774)
Loss per common shares – basic and diluted	(0.04)	(0.02)	(0.04)
Cash	45,023	263,321	93,753
Total assets	380,909	990,475	474,084

Results of Operations

The Company has not earned any revenues since inception. The components of the Company's expenses are as follows:

Operating Expenses for the three months ended June 30, 2023 and 2022:

		Three Months Ended June 30, 2023		Three Months Ended June 30, 2022
Operating Expenses				
Bank charges	\$	277	\$	355
Consulting fees		10,500		-
Marketing expenses		22,072		3,976
Management fees		30,000		12,000
Office and administration		2,281		3,294
Professional fees		21,537		43,125
Stock transfer agent & filing fees		19,464		22,220
Travel expenses		2,379		9,835
Total Operating Expenses	\$	(108,510)	\$	(94,785)

During the three months ended June 30, 2023, the Company recorded a net loss and comprehensive loss of \$721,258, an increase of \$626,474 as compared with the same period ended June 30, 2022, when the Company's net loss and comprehensive loss was \$94,784. The Company's operating expenses for the three months ended June 30, 2023, were \$108,510, as compared to \$94,785 the Company incurred during the three months ended June 30, 2022.

For the three months ended June 30, 2023, the Company recorded total operating expenses of \$108,510 compared to operating expenses of \$94,785 for the same period ended June 30, 2022.

The major expenses incurred in 2023, consisted of \$277 in bank charges, \$10,500 in consulting fees, \$22,072 marketing expenses, \$30,000 in management fees, \$2,281 in office and administration, \$19,464 in stock transfer agent and filing fees in connection with SEDAR annual and quarterly stock exchange filing fees, \$2,379 in travel expenses, and \$21,537 in professional fees, which included \$9,098 in audit and accounting fees and \$12,439 in legal fees.

The above operating expenses were in part offset by \$588,393 the Company recognized as impairment expenses due to termination the Ashley Property agreement and discontinued to development of the Ashley Property on May 2, 2023, \$1,511 recovery of flow-through share premium liability associated with the flow-through private placement the Company closed on December 21, 2022 and \$22,859 stock-based compensation in connection with 350,000 stock options granted to directors, officers and consultants of the Company on April 19, 2023.

The major expenses incurred in 2022, consisted of \$12,000 in management fees, \$43,125 in professional fees including audit and accounting fees and legal fees and \$22,220 in stock transfer agent and filing fees.

Operating Expenses for the six months ended June 30, 2023 and 2022:

		Six Months Ended June 30, 2023		Six Months Ended June 30, 2022
Operating Expenses				
Bank charges	\$	517	\$	426
Consulting fees		21,000		-
Marketing expenses		76,713		6,976
Management fees		60,000		12,000
Office and administration		5,360		6,706
Professional fees		37,383		58,410
Stock transfer agent & filing fees		22,931		24,862
Travel expenses		10,398		12,617
Total Operating Expenses	\$	(234,302)	\$	(121,997)

During the six months ended June 30, 2023, the Company recorded a net loss and comprehensive loss of \$845,539, an increase

of \$723,542 as compared with the same period ended June 30, 2022, when the Company's net loss and comprehensive loss was \$121,997. The Company's operating expenses for the three months ended June 30, 2023, were \$234,302, as compared to \$121,997 the Company incurred during the six months ended June 30, 2022.

The major expenses incurred in 2023, consisted of \$517 in bank charges, \$21,000 in consulting fees, \$76,713 marketing expenses, \$60,000 in management fees, \$5,360 in office and administration, \$22,931 in stock transfer agent and filing fees in connection with SEDAR annual and quarterly filing and stock exchange filing fees, \$10,398 in travel expenses, and \$37,383 in professional fees, which included \$22,512 in audit and accounting fees and \$14,871 in legal fees.

The above operating expenses were in part offset by \$588,393 the Company recognized as impairment expenses due to termination of the Ashley Property agreement and discontinued to the development of the Ashley Property on May 2, 2023 and \$22,859 stock-based compensation in connection with 350,000 stock options granted to directors, officers and consultants of the Company on April 19, 2023.

The major expenses incurred in 2022, consisted of \$12,000 in management fees, \$58,410 in professional fees including audit and accounting fees and legal fees and \$24,862 in stock transfer agent and filing fees.

Cash Flow for the Six Months ended June 30, 2023 and 2022

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
	\$	\$
Cash flow used in operating activities	(272,214)	(21,165)
Cash flow from financing activities	158,085	563,636
Cash flow used in investing activities	(104,169)	(184,270)
Increase in cash during the year	(218,298)	385,201

Cash Flow used in Operating Activities

The Company recorded a net loss and comprehensive loss for the six months ended June 30, 2023 of \$845,539, which when adjusted for \$588,393 impairment expenses and \$22,859 stock-based payment for changes in working capital items totalling \$37,927, resulted in cash flow used in operating activities of \$272,214. In comparison to the six months ended June 30, 2022, the Company recorded a net loss and comprehensive loss of \$121,997, which when adjusted for working capital items totalling \$100,832, resulted in cash flow used in operating activities of \$21,165.

Expenses incurred during the six months ended June 30, 2023, were primarily due to professional fees, including year end audit and accounting fees, legal fees incurred in general corporate matters and travel expenses, in addition consulting fees, marketing expenses, stock transfer agent and filing fees in connection with Sedar annual and quarterly filing and stock transfer agent filing fees. Expenses incurred during the six months ended June 30, 2022 were primarily due to audit and accounting fees, legal fees incurred in general corporate matters and stock agent and filings fees in connection with preparation on IPO application and filing fees.

Cash Flow from Financing Activities

During the six months ended June 30, 20223, the Company received \$161,025 advances for shares to be issued and paid \$320 share issuance costs in connection with the unit issuances and \$2,620 in legal fees in connection with share issuance. In comparison to the six months ended June 30, 2022, the Company received net proceeds of \$563,636 from IPO financing.

Cash Flow used in Investing Activities

During the six months ended June 30, 2023, the Company incurred expenditures of \$104,169 in exploration and evaluation costs related to the Company's, compared with the six months ended June 30, 2022, where the Company incurred expenditures of \$184,270 in exploration and evaluation costs related to the the Company's properties.

Summary of Quarterly Results

A summary of quarterly results is included in the table below. The financial information is derived from the Company's

condensed interim unaudited financial statements.

	Three Months ended June 30, 2023	Three Months ended March 31, 2023	Three Months ended December 31, 2022	Three Months ended September 30, 2022
Revenue (\$)	-	-	-	-
Expenses (\$)	(108,510)	(125,792)	(106,833)	(63,197)
Other Items:				
Interest income	15	29	29	-
Recovery of flow-through share premium liability	(1,511)	1,511	-	-
Impairment expenses	(588,393)	-	-	-
Stock based compensation	(22,859)			
Net loss and comprehensive loss (\$)	(721,258)	(124,281)	(106,804)	(63,197)
Net loss per share -basic & diluted (\$)	(0.04)	(0.01)	(0.01)	(0.00)
Weighted avg. common shares -basic & diluted	19,178,946	18,990,375	18,376,001	17,238,408

	Three Months ended June 30, 2022	Three Months ended March 31, 2022	Three Months ended December 31, 2021	Three Months ended September 30, 2021
Revenue (\$)	-	-	-	-
Expenses (\$)	(94,785)	(27,212)	(54,983)	(126,657)
Other Items:				
Interest income	-			
Recovery of flow-through share premium liability	-			
Net loss and comprehensive loss (\$)	(94,785)	(27,212)	(54,983)	(126,657)
Net loss per share -basic & diluted (\$)	(0.01)	(0.00)	(0.00)	(0.01)
Weighted avg. common shares -basic & diluted	14,754,144	9,931,324	9,823,375	9,823,375

Fluctuations in reported earnings/losses during the periods noted above are primarily due to changes in administration and office expenses, audit and accounting fees, legal fees, consulting fees and stock-based compensation related to the stock options granted to directors, officers, and consultants in 2021. The Company incurred an accumulated deficit of \$1,364,807 from its incorporation date to June 30, 2023.

Financing Activities and Liquidity

During the six months ended June 30, 2023, the Company received \$161,025 advances for shares to be issued and paid \$2,940 in legal fees for share issuance costs in connect with the share issuance for acquisition.

The Company has a mineral property option in addition to cash and sales tax receivables. The Company has not pledged any of its assets as security for meeting the entire requirement of the option transaction. Management believes that the Company has sufficient working capital to satisfy the recommended exploration expenditure on the Company's properties and the Company's office and administrative expenses for the next twelve-month period. However, the Company may require additional funds to complete the entire Option Agreement and to identify and acquire other mineral property opportunities.

Capital Resources

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at June 30, 2023, the Company's shareholders' equity was \$310,704 (December 31, 2022 - \$952,199) and the Company has no outstanding debt. The capital was mostly from proceeds from the issuance of common shares. The net proceeds raised will only be sufficient to identify and evaluate a limited number of assets and businesses, and maintain, satisfy, and implement the first year's work commitments on the Company's properties. Additional funds may be required to finance the Company's further exploration of the Company's properties and other mineral assets acquisition.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at June 30, 2023 and December 31, 2022 or as of the filing date of this report.

Transactions with Related Parties

Key management personnel consist of the officers and directors of the Company and companies owned or controlled by the officers and directors of the Company.

During the six months ended June 30, 2023, an entity controlled by CFO of the Company charged \$12,000 (June 30, 2022 - \$Nil) in management fees. As of June 30, 2023, the Company had an aggregate of \$6,300 (December 31, 2022 - \$Nil) due to the related party.

During the six months ended June 30, 2023, an entity controlled by CEO of the Company charged \$36,000 (June 30, 2022 - \$18,000) in management fees. As of June 30, 2023, the Company had an aggregate of \$100 (December 31, 2022 - \$Nil)

During the six ended June 30, 2023, an entity controlled by a director and the former CEO of the Company charged \$12,000 (June 30, 2022 - \$4,000) in management fees. As of June 30, 2023, the Company had an aggregate of \$6,300 (December 31, 2022 - \$Nil) due to the related party.

On April 22, 2023, the Company entered into a non-arm's length transaction, a Sale of Mining Claims with a related party, URSA, a Company controlled by a director of the Company, to purchase 100% interest in 11 claims located 40 km southeast of Dryden, Ontario, comprised of 5 in Howie Claims, 5 in Alto-Gardner Claims and 1 in Santa Maria Claims. The Company agreed to pay \$1,100 for the above claims. As of June 30, 2023, the Company had \$1,100 (December 31, 2022 - \$Nil) outstanding payable.

All related party transactions were entered into in the normal course of business and are recorded at the exchange amount established and agreed to between the related parties.

Proposed Transactions

There were no proposed transactions during the period except for that disclosed in "Material Events" section. All current transactions are fully disclosed in the unaudited condensed interim financial statements for the six months ended June 30, 2023.

Mineral Property

Ashley Property Option Agreement:

On July 22, 2020 the Company entered into a property option agreement with David Lefort, Jacques Robert, 9640355 Canada Corp. and Randall Salo (together the "Vendors") where the Vendors granted Ashley the exclusive option to acquire 100% of the Ashley Property (the "Ashley Option") (the "Ashley Agreement").

The Ashley property consists of 115 claims totaling 1,759.6 hectares, including 65 single cell claims and 50 boundary claims, located in the Hincks, Montrose, Bannockburn, Argyle Township in Ontario about 21 km WNW of Matachewan, in the Larder Lake Mining Division and registered with the Ontario Ministry of Energy, Northern Development and Mines (hereinafter known as the "Ashley Property"). If the Company fails to complete a liquidity event within 18 months of the grant of the Ashley Agreement, the Agreement will become null and void. The Vendors would retain 100% interest in the Ashley Property.

A liquidity event is defined as all or substantially all of the outstanding common shares of the Company is listed on a Designated Stock Exchange.

On January 12, 2022, and later on March 18, 2022, the Company entered into a first and second amendment agreement, respectively, to extend the liquidity event by sixty days to March 22, 2022 and May 22, 2022, respectively as per the Ashley Agreement dated July 22, 2020. In consideration, the Company made a payment of \$40,000 to the Property Owners, in accordance with the terms and conditions.

The Company is required to pay a quarterly-based royalty equals to 2% of Net Smelter Returns to the property owners, once the Company is on commencement of commercial production.

In consideration of the grant of the Ashley Option, Ashley must:

- Pay the Vendors \$40,000 within 30 days of executing the Ashley Agreement (paid). An additional \$30,000 will be paid if a liquidity event is not completed within 11 months of the date of the Ashley Agreement (paid);
- Complete a minimum of \$100,000 of expenditures and obtain an independent technical report that meets the requirements of National Instrument 43-101 and that recommends further exploration on the Ashley Property within 12 months of execution of the Ashley Agreement (met);
- Pay the Vendors a royalty from any ores or minerals mined or extracted from the Ashley Property, including without limitations the approximately 100,000 tonnes of ore and 145,000 tonnes of tailings currently situated on the Ashley Property.

In order to maintain the Ashley Option and to exercise the Ashley Option, Ashley must:

- Issue 300,000 common shares of Ashley and pay \$100,000 to the Vendors upon completion of a liquidity event (cash paid and shares issued);
- Within 12 months of a liquidity event, issue 200,000 common shares of Ashley to the Vendors, pay \$50,000 in cash to the Vendors, and pay a further \$50,000 (either in cash, common shares or a combination thereof);
- Within 24 months of completion of a liquidity event, issue 250,000 common shares of Ashley to the Vendors, pay \$200,000 in cash to the Vendors, and incur a minimum of \$200,000 in property expenditures; and
- Within 36 months of completion of a liquidity event, issue 400,000 common shares of Ashley to the Vendors, pay \$300,000 in cash to the Vendors, and incur a minimum of \$330,000 in property expenditures.

On May 6, 2022, the Company announced positive assay results from its core evaluation program on over 10,500 metres of historic drill core within 29 holes stored in Matachewan, Ontario from its Ashley Mine Project located approximately 17 kilometres northwest of Alamos Gold's Young-Davidson Mine. Reconnaissance surface sampling was also conducted on several known vein occurrences outcropping throughout the Ashley Mine Project which returned several significant gold assays. The Company intends to follow up these encouraging results with a more comprehensive surface sampling program in conjunction with Project-wide data compilation, including entry of all available historic core assaying and integration to develop a dynamic 3D model aiding future exploration effort.

On May 2, 2023, the Company terminated the Ashley option agreement to discontinue the Ashley Property Option due to our limited funds and difficulty in the precious metals market over the last 11 months. The Company recorded \$588,393 in impairment expenses of the exploration and evaluation of Ashley property.

Santa Maria Property:

On August 2, 2022, the Company entered a non-arm's length transaction, an Asset Purchase Agreement with a related party, URSA Polaris Developments Corporation ("URSA"), incorporated in Calgary, Alberta to purchase 100% interest in 48 mining claims, (1,008 hectares) (hereinafter known as the "Santa Maria Property") located SE of Dryden, Ontario. URSA is a related corporation as it is owned by an officer and director of the Company. The Company paid \$10,000 in cash to the owner of the property and the claims are subject to a 1.75% Net Smelter Royalty ("NSR").

On September 26, 2022, the Company purchased a 26-claim block (546 hectares) located SE of Dryden, Ontario. Ashley paid \$2,400 for a 100% interest in the Property and there are no royalties attached to the property.

On April 22, 2023, the Company entered into a non-arm's length transaction, a Sale of Mining Claims with a related party, URSA, a Company controlled by a director of the Company, to purchase 100% interest in 11 claims located 40

km southeast of Dryden, Ontario, comprised of 1 Santa Maria Claim. Pursuant to the agreement, the Company shall pay \$1,100 for the 11 claims, including the 1 Santa Maria Claim.

The land position of the Santa Maria property is now 1554 hectares (3840 acres).

Howie Lake Property:

On September 9, 2022, the Company purchased 64 claims (1,000 hectares) (hereinafter known as the “Howie Lake Property”) located SE of Dryden, Ontario. The Howie Lake property is subject to a 0.5% royalty with a buyback option at any time for \$500,000. Pursuant to the agreement, the Company paid \$10,000 and issued 50,000 common shares of the Company with a fair value of \$0.085 per share.

On April 22, 2023, the Company entered into a non-arm’s length transaction, a Sale of Mining Claims with a related party, URSA, a Company controlled by a director of the Company, to purchase 100% interest in 11 claims located 40 km southeast of Dryden, Ontario, comprised of 5 Howie Lake Claims. Pursuant to the agreement, the Company shall pay \$1,100 for the 11 claims, including the 5 Howie Lake Claims.

Alto-Gardnar Property:

On September 29, 2022, the Company purchased a 15-claim block (315 hectares) (hereinafter known as the “Alto-Gardnar Property”) located 50 km east of Dryden, Ontario. The Alto-Gardnar Property is subject to a 0.5% royalty with a buyback option at any time for \$500,000. Pursuant to the agreement, the Company issued 275,000 common shares of the Company with a fair value of \$0.085 per share.

On April 22, 2023, the Company entered into a non-arm’s length transaction, a Sale of Mining Claims with a related party, URSA, a Company controlled by a director of the Company, to purchase 100% interest in 11 claims located 40 km southeast of Dryden, Ontario, comprised of 5 Howie Lake Claims. Pursuant to the agreement, the Company shall pay \$1,100 for the 11 claims, including the 5 Alto-Gardnar Claims.

Tabor Lake Property:

On May 23, 2023, the Company closed the acquisition of Tabor Lake Property for the asset purchase agreement dated October 13, 2022 to purchase 100% interest in a lease block located approximately 40 km SE of Dryden, known as the Tabor Lake Mine (257.1 hectares) and issued 330,000 common shares, on satisfaction of all closing conditions, subject to 1.5% royalty with a buyback option at any time for \$750,000.

Cost related to the Company’s properties can be summarized as follows:

	Ashley Property	Samta Maria Property	Howie Lake Property	Alto-Gardnar Property	Tabor Lake Property	Total
	\$	\$	\$	\$	\$	\$
Balance, December 31, 2021	299,796	-	-	-	-	299,796
Acquisition cost addition	209,000	12,400	14,250	23,375	-	259,025
Exploration cost additions	74,847	17,584	9,114	1,000	-	102,545
Balance, December 31, 2022	583,643	29,984	23,364	24,375	-	661,366
Acquisition cost addition	-	700	500	700	23,100	25,000
Exploration cost additions	4,750	6,367	53,031	18,890	23,569	106,607
Impairment	(588,393)	-	-	-	-	(588,393)
Balance, June 30, 2023	-	37,051	76,895	43,965	46,669	204,580

Acquisition and exploration costs incurred during the six months ended June 30, 2023 included \$108,507 (December 31, 2022 - \$264,945) of cash expenditures, including \$106,607 on exploration costs and \$1,900 on acquisition costs and \$23,100 (December 31, 2022 - \$96,625) through the issuance of common shares and \$588,393 (December 31, 2022 - \$Nil) impairment on Ashley Property.

Financial Instruments and Financial Risk Management

(a) Fair value

The fair value of the Company's cash, due from related party, and accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

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.

For the periods ended June 30, 2023 and December 31, 2022, the fair value of cash was measured at fair value and classified as Level 1 financial instrument.

As at:	June 30, 2023	December 31, 2022
Financial assets:		
FVTPL		
Cash	\$ 45,023	\$ 263,321
Financial liabilities:		
Amortized cost		
Accounts payable and accrued liabilities	\$ 56,405	\$ 38,276
Due to related parties	\$ 13,800	\$ -

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2023, the Company had cash of \$45,023 (December 31, 2022 - \$263,321) to settle the total current liabilities of \$70,205 (December 31, 2022 - \$38,276). As at June 30, 2023, the total working capital of the Company was \$106,124 (December 31, 2022 - \$290,833). The Company believes that these sources will be sufficient to cover the expected short and long-term cash requirements, by current cash flow situation and raising funds from private placements.

(c) Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash and due from related parties. The Company limits its exposure to credit risk by holding its cash in deposits with high credit quality Canadian financial institutions.

(d) 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. Management does not believe that the Company is exposed to any material market risk.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral property interests. 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 Company considers capital to consist of shareholders' equity.

The property in which the Company currently has an interest is in the exploration stage; as such the Company has historically relied 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.

There were no changes in the Company's approach to capital management during the six months ended June 30, 2023.

Outstanding Share Data

a) Shares authorized

Unlimited number of common shares with no par value

Unlimited number of preferred shares

b) Shares issued:

	Number of shares	Dollar Amount (\$)
Balance, December 31, 2021	9,823,375	559,103
Units issued pursuant to IPO at \$0.10 (v)	7,000,000	700,000
Share issuance for acquisition at \$0.23 (vi)	300,000	69,000
Unit issuance at \$0.10 (vii)	792,000	79,200
Share issuance for acquisition at \$0.085 (viii)	325,000	27,625
Unit issuance at \$0.12 (Flow-Through) (ix)	450,000	54,000
Unit issuance at \$0.10 (Non-Flow-Through) (ix)	300,000	30,000
Share purchase warrants		(164,064)
Share Issuance Cost - agent's warrants		(30,978)
Share Issuance Cost - cash		(155,049)
Balance, December 31, 2022	18,990,375	1,168,837
Flow-through share premium	-	4,500
Flow-through share premium	-	(4,500)
Share issuance for acquisition at \$0.07 (iv)	330,000	23,100
Share Issuance Cost - cash	-	(2,940)
Balance, June 30, 2023	19,320,375	1,188,997

- (i) On April 29, 2022, the Company completed its initial public offering of 7,000,000 units, at a price of \$0.10 per unit, for gross proceeds of \$700,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant of the Company. Each common share purchase warrant is exercisable into one common share at an exercise price of \$0.30. The Company paid the agent a cash commission equal to 10% of the gross proceeds and issued 700,000 agent's warrants which are exercisable into one common share of the Company at an exercise price of \$0.10 and expire on October 29, 2023. The Company also incurred \$68,201 in related share issuance costs related to the agent's expenses. Total net proceeds of the offering were \$561,799.
- (ii) On May 12, 2022, Company issued 300,000 common shares of the Company with a fair value of \$0.23 per share and paid \$100,000 cash to the vendors of Ashley Gold Property upon completion of the liquidity event pursuant to the property option agreement dated July 22, 2020.
- (iii) On September 26, 2022, the Company closed the first tranche of a non-brokered private placement of 792,000 units at \$0.10 per unit for gross proceeds of \$79,200. Each common share purchase warrant is exercisable into one common share at an exercise price of \$0.20 for a period of 24 months. In connection with the non-brokered private placement, the Company paid a 4.5% cash finders' fees totaling \$3,536 and issued 35,360 agent's warrants. Each agent warrant is exercisable into one common share at an exercise price of \$0.10 per agent's warrant for a period of 24 months. On October 11, 2022, the Company issued 275,000 and 50,000 common shares of the Company with a fair value of \$0.085 per share valued at \$23,375 and \$4,250 for the acquisitions of the Howie Lake and Alto-Gardnar properties, respectively.

- (vi) On October 11, 2022, the Company issued 275,000 and 50,000 common shares of the Company with a fair value of \$0.085 per share valued at \$23,375 and \$4,250 for the acquisitions of the Howie Lake and Alto-Gardnar properties, respectively.
- (vii) On December 21, 2022, the Company closed its second tranche of a non-brokered private placement of units for gross proceeds of \$84,000. The second tranche was comprised of:
- 1) 450,000 flow-through units (“Flow-Through Units”) at a price of \$0.12 per unit for gross proceeds of \$54,000. Each Flow-Through Unit consists of one flow-through common share and one non-flow-through common share purchase warrant. Each non-flow-through common share purchase warrant is exercisable into one non-flow-through common share at an exercise price of \$0.20 for a period of 24 months.
 - 2) 300,000 non-flow-through units (“Non-Flow-Through Units”) at a price of \$0.10 per unit for gross proceeds of \$30,000. Each Non-Flow-Through Unit consists of one non-flow-through common share and one non-flow-through common share purchase warrant. Each non-flow-through common share purchase warrant is exercisable into one non-flow-through common share at an exercise price of \$0.20 for a period of 24 months.

In connection with the non-brokered private placement, the Company paid 8% cash finders’ fees totaling \$6,720, and issued 60,000 agent’s warrants. 36,000 agent warrants are exercisable into one common share at an exercise price of \$0.12 for a period of 24 months and 24,000 agent warrants are exercisable into one common share at an exercise price of \$0.10 for a period of 24 months.

- (viii) On May 23, 2023, the Company issued 330,000 common shares of the Company for property acquisition at a deemed fair market value price of \$0.07 per share valued at \$23,100.

c) Escrow Shares

On September 20, 2021, the Company entered an escrow agreement between the Company, TSX Trust Company and the security holders. There were 4,940,249 common shares of the Company held in escrow. 10% of the escrowed securities shall be released on the listing date, the remaining 90% of the escrowed securities will be released from escrow in 15% tranches at six-month intervals over a 36-month period.

As at June 30, 2023, 3,149,412 (December 31, 2022 – 3,705,190) shares were held in escrow.

d) Stock options

Stock Options:

On April 19, 2023, the Company granted incentive stock options to directors, officers, and consultants of the Company to purchase an aggregate of 350,000 common shares at an exercise price of \$0.12 per option, pursuant to the Company’s Incentive Stock Option Plan.

On September 15, 2021, the Company granted incentive stock options to directors, officers and consultants of the Company to purchase an aggregate of 1,382,337 common shares at an exercise price of \$0.25 per option, pursuant to the Company’s Incentive Stock Option Plan (the “Plan”). The options are vested immediately and exercisable at a period of five years from the date of grant until September 15, 2026.

Under the Black-Scholes, the fair value of the Stock options granted during the year ended December 31, 2021 was estimated to be \$0.08 per share by using the following assumptions at the measurement date:

Date of Issuance	Sept 15, 2021	April 19, 2023
Dividend yield	0%	0%
Expected volatility	129%	120%
Risk-free interest rate	1.45%	3.75%
Forfeiture rate	0%	0%
Share price – on issuance	\$0.10	\$0.08
Exercise price	\$0.25	\$0.10
Term	60 months	60 months

A summary of stock option activity as at June 30, 2023 and December 31, 2022 is as follows:

	Number of options - outstanding and exercisable	Weighted average exercise price	Weighted Average Remaining Contractual Life (Years)
Balance, December 31, 2021	1,382,337	\$ 0.25	4.71
Balance, December 31, 2022	1,382,337	\$ 0.25	3.71
Grant on April 19, 2023	350,000	\$ 0.10	5
Balance, June 30, 2023	1,732,337	\$ 0.22	3.55

e) Warrants

(i) Share Purchase Warrants:

As at June 30, 2023 there were 8,542,000 (December 31, 2022 – 8,542,000) share purchase warrants outstanding and the fair value of the share warrants granted was estimated at the date of grant using Black-Scholes option pricing model with following assumptions:

Date of Issuance	April 29, 2022	September 26, 2022	December 21, 2022	December 21, 2022
Number of share purchase warrants	7,000,000	792,000	450,000	300,000
Dividend yield	0%	0%	0%	0%
Expected volatility	103%	109%	108%	108%
Risk-free interest rate	2.63%	3.83%	3.72%	3.72%
Forfeiture rate	0%	0%	0%	0%
Share price – on issuance	\$0.08	\$0.08	\$0.11	\$0.11
Exercise price	\$0.30	\$0.20	\$0.20	\$0.20
Term	18 months	24 months	24 months	24 months
Fair value per warrant	\$0.02	\$0.03	\$0.04	\$0.04
Fair value of warrants	\$106,986	\$23,406	\$20,203	\$13,469

	Number of warrants	Weighted average exercise price	Weighted Average Remaining Contractual Life (Years)
Balance, December 31, 2022	8,542,000	\$0.28	1.01
Issued On:			
April 29, 2022	7,000,000	\$0.30	0.33
September 26, 2022	792,000	\$0.20	1.49
September 21, 2022	450,000	\$0.20	1.48
December 21, 2022	300,000	\$0.20	1.48
Balance, June 30, 2023	8,542,000	\$0.28	0.76

(ii) Agent's warrants:

As at June 30, 2023, there were 795,360 (December 31, 2022 – 795,360) agent's warrants outstanding and the fair value of the share warrants granted was estimated at the date of grant using Black-Scholes option pricing model with following assumptions:

Date of Issuance	April 29, 2022	September 26, 2022	December 21, 2022	December 21, 2022
Number of finder's warrants	700,000	35,360	36,000	24,000
Dividend yield	0%	0%	0%	0%
Expected volatility	103%	109%	108%	108%
Risk-free interest rate	2.63%	3.83%	3.72%	3.72%
Forfeiture rate	0%	0%	0%	0%
Share price – on issuance	\$0.08	\$0.08	\$0.11	\$0.11
Exercise price	\$0.10	\$0.10	\$0.12	\$0.10
Term	18 months	24 months	24 months	24 months
Fair value per warrant	\$0.04	\$0.04	\$0.06	\$0.06
Fair value of warrants	\$25,970	\$1,485	\$2,053	\$1,470

	Number of warrants	Weighted average exercise price	Weighted Average Remaining Contractual Life (Years)
Balance, December 31, 2022	795,360	\$0.10	0.95
Issued on:			
April 29, 2022	700,000	\$0.10	0.33
September 26, 2022	35,360	\$0.10	1.49
December 21, 2022	24,000	\$0.10	1.48
December 21, 2022	36,000	\$0.12	1.48
Balance, June 30, 2023	795,360	\$0.10	0.56

As there was no or not enough trading history of the Company's common shares, the expected volatility was based on the historical share price volatility of two groups of comparable companies in the sector the Companies operated over a period similar to the expected life of the Warrants.

During the six months ended June 30, 2023, the Company recorded fair value of \$164,064 (December 31, 2022 - \$164,064) for share purchase warrants granted and \$30,978 for agent's warrants (December 31, 2022 - \$30,978).

Risks and Uncertainties

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. Due to the nature of the Company's business and the present stage of exploration of its mineral property (which is primarily an early stage exploration property with no known resources or reserves that have not been explored by modern methods), the following risk factors, among others, may apply:

Exploration Stage Company:

The Company has no history of operations and is still in an early stage of development. The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. The Company's properties is in the early stages of exploration and is without a known deposit of commercial ore. Development of the The Company's properties will only follow upon obtaining satisfactory exploration results. There can be no assurance that the Company's existing or future exploration programs will result in the discovery of commercially viable mineral deposits. Further, there can be no assurance that even if a deposit of minerals is located, that it can be commercially mined.

Mineral Exploration and Development:

The exploration and development of minerals is highly speculative in nature and involves a high degree of financial and other risks over a significant period of time, during which even a combination of careful evaluation, experience and knowledge may not eliminate. The proposed program on the The Company's properties is an exploratory search for mineral deposits. While discovery of an ore body may result in significant rewards, few properties which are explored are ultimately developed into producing mines. Substantial expenses are required to establish ore reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit, financing costs, the cyclical nature of commodity prices, and government regulations (including those related to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of mineral products, and environmental protection). The effect of these factors or a combination thereof, cannot be accurately predicted but could have an adverse impact on the Company. The Company's operations are also subject to all of the hazards and risks normally encountered in mineral exploration and development. These risks include

unusual and unexpected geological formations, seismic activity, rock bursts, cave-ins, water inflows and other conditions involved in the drilling and removal of material, environmental hazards, industrial accidents, periodic interruptions due to adverse weather conditions, labour disputes, political unrest aboriginal band claims and theft. The occurrence of any of the foregoing could result in damage to, or destruction of, mineral properties or interests, production facilities, personal injury, damage to life or property, environmental damage, delays or interruption of operations, increases in costs, monetary losses, legal liability and adverse government action. The Company does not currently carry insurance against these risks and there is no assurance that such insurance will be available in the future, or if available, at economically feasible premiums or upon acceptable terms. The potential costs associated with losses or liabilities not covered by insurance coverage may have a material adverse effect upon the Company's financial condition.

Operating History and Financial Resources:

The Company has no history of operations or revenues and it is unlikely that the Company will generate any revenues from operations in the foreseeable future. The Company anticipates that its existing cash resources, together with the net proceeds of the Offering, will be sufficient to cover the Company's projected funding requirements for the ensuing year. If the Company's exploration program is successful, additional funds will be required for further exploration and development to determine if any deposits are economic and, if economic, to possibly bring such deposits to production. Additional funds will also be required for the Company to acquire and explore other mineral interests. The Company has limited financial resources and there is no assurance that sufficient additional funding will be available to enable it to fulfill the Company's existing obligations or for further exploration and development on acceptable terms or at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to forfeit its interests in some or all of the Company's properties or to reduce or terminate the Company's operations. Additional funds raised by the Company from treasury share issuances may result in further dilution to its shareholders or result in a change of control.

Possible Loss of Interest in the Company's properties:

The Company's ability to maintain an interest in the Company's properties will be dependent on its ability to raise additional funds by equity financing. Failure to obtain additional financing may result in the Company being unable to expend certain minimum amounts on the exploration of the Company's properties. If the Company fails to incur such expenditures in a timely fashion, the Company may lose its interest in the Company's properties.

Competition:

The mineral exploration business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive mineral properties. The Company's ability to acquire properties in the future will depend not only on the Company's ability to develop the Company's properties, but also on the Company's ability to select and acquire suitable prospects for mineral exploration or development. In addition, the mining industry periodically faces a shortage of equipment and skilled personnel and there can be intense competition for experienced geologists, engineers, field personnel and other contractors. There is no assurance that the Company will be able to compete successfully with others in acquiring prospective properties, equipment or personnel.

Environmental Risks and Hazards:

All phases of the Company's operations are subject to extensive environmental regulations. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, provide for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry activities and operations. They also set forth limitations on the generation, transportation, storage and disposal of hazardous waste. A breach of these regulations may result in the imposition of fines and penalties. In addition, certain types of mining operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the viability or profitability of operations. Environmental hazards may exist on the properties in which the Company holds its interests or on properties that will be acquired which are unknown to the Company at present and which have been caused by previous or existing owners or operators of those properties.

Government Regulations:

The Company's current or future operations, including exploration and development activities and the commencement and continuation of commercial production, require licenses, permits or other approvals from various federal, provincial, territorial and/or local governmental authorities. Such operations are or will be governed by laws and regulations relating to prospecting, development, mining, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, land use, water use, environmental protection, aboriginal land claims and other matters. The Company believes that it is in substantial compliance with all material laws and regulations which currently apply to the Company's activities. There can be no assurance, however, that the Company will obtain on reasonable terms or at all the permits and approvals, and the renewals thereof, which the Company may require for the conduct of the Company's current or future operations or that compliance with applicable laws, regulations, permits and approvals will not have an adverse effect on any mining project which the Company may undertake. Possible changes to mineral tax legislation and, regulations could cause additional expenses, capital expenditures, restrictions and delay on the Company's planned exploration and operations, the extent of which cannot be predicted. 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 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.

Title Risks:

While the Company has exercised the usual due diligence with respect to determining title to the Company's properties, there is no guarantee that title to such properties will not be challenged or impugned. The Company's properties have not been surveyed. The Company's properties may be subject to prior unregistered agreements or transfers or aboriginal land claims and title may be affected by undetected defects. If title defects do exist, it is possible that the Company may lose all or a portion of its rights, title, estate and interest in and to the properties, when and if earned, to which the title defects relate. Further, the Company does not own the Company's properties and only has a right to acquire an interest therein pursuant to the Option Agreement. In the event that the Company does not fulfill its obligations under the Option Agreement, it will lose its interest in the Company's properties.

First Nations Land Claims:

The Company's properties optioned by the Company may now or in the future be the subject of First Nations land claims. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the properties optioned by the Company cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the properties optioned by the Company are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with First Nations in order to facilitate exploration and development work on the properties optioned by the Company.

Negative Operating Cash Flow:

Since inception, the Company has had negative operating cash flow. The negative operating cash flow is expected to continue for the foreseeable future as funds are expended on the exploration program on the Company's properties and administrative costs. The Company cannot predict when it will reach positive operating cash flow.

Commodity Prices:

The price of the Company's securities, the Company's financial results and exploration, development and mining activities have previously been, and may in the future be, significantly adversely affected by declines in the price of precious or base metals. Precious or base metal prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of precious or base metals by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand, production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection, the degree to which a dominant producer uses its market strength to bring supply into equilibrium with demand, and international political and economic trends, conditions and events. The prices of precious or base metals have fluctuated widely in recent years, and future price declines could cause continued development of the Company's properties to be impracticable.

Price Volatility and Lack of Active Market:

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies, particularly resource issuers, have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly. There is currently no market through which the Company's Common Shares can be sold and there can be no assurance that one will develop or be sustained after the Offering. If an active market does not develop, the liquidity of your investment may be limited and the market price of the Common Shares forming part of the Units may decline below the Offering Price.

Reliance on Management and Experts:

The Company's success will be largely dependent, in part, on the services of the Company's senior management and directors. The Company has not purchased any "key man" insurance, nor has the Company entered into any non-competition or non-disclosure agreements with any of the Company's directors, officers or key employees and has no current plans to do so. The Company may hire consultants and others for geological and technical expertise but there is no guarantee that the Company will be able to retain personnel with sufficient technical expertise to carry out the future development of the Company's properties.

Concentration of Ownership:

Immediately following the completion of the Offering, the Company's directors, major shareholders, executive officers and their respective associates will beneficially own 1,750,000 Common Shares representing approximately 18.18% of the Company's outstanding share capital assuming none of the foregoing persons participate in the Offering. These shareholders could significantly influence the outcome of actions taken by management that require shareholder approval. For example, these shareholders could significantly influence the election of the Company's directors and control changes in management.

Conflicts of Interest:

Certain of the Company's directors, officers and other members of management do, and may in the future, serve as directors, officers, promoters and members of management of other companies and, therefore, it is possible that a conflict may arise between their duties as a director, officer, promoter or member of the Company's management team and their duties as a director, officer, promoter or member of management of such other companies. The Company's directors and officers are aware of the laws governing accountability of directors and officers for corporate opportunity and the requirement of directors to disclose conflicts of interest. The Company will rely upon these laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

Material Events

During the six months ended June 30, 2023, on January 23, 2023, George Stephenson resigned as President and CEO of the Company and has retained a seat on the Board of Directors and move to Chairman of the Board.

Darcy Christian has moved into the President and CEO from VP Operations.

As at June 30, 2023 the directors and officers of the Company are as follows:

- George E. Stephenson: Chairman and *Director*
- Darcy J. Christian: *CEO, President and Director*
- Paul J. Rozek: *Chief Financial Officer*
- Douglas B. Coleman: *Director*
- Robert W. Lishman: *Director*

On May 10, 2023, the Company held an annual general and special meeting to elect directors of the company as indicated in the material events, appointed MNP LLP as the auditor of the Company and approved the stock option plan

Cautionary Statement on Forward-Looking Information

This MD&A may contain certain statements that may be deemed “forward-looking statements.” All statements in this document, other than statements of historical fact, that address events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words “expects,” “plans,” “anticipates,” “believes,” “intends,” “estimates,” “projects,” “potential,” “interprets,” and similar expressions, or that events or conditions “will,” “would,” “may,” “could,” or “should” occur. Forward-looking statements in this document include statements regarding liquidity and effects of accounting policy changes, the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, failure to obtain adequate financing on a timely basis and other risks and uncertainties. In addition, forward-looking statements are based on various assumptions including, without limitation, the expectations and beliefs of management that the Company can access financing. 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 forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements.

Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company’s management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management’s beliefs, estimates or opinions, or other factors, should change except as required by law.

Subsequent events

Closed Non-Brokerage Private placement:

On July 4, 2023, the Company closed a non-brokered private placement with 5,162,916 Units for gross proceeds of \$361,404, comprised of one common share at \$0.07 per share and one share purchase warrant exercise at \$0.12 expiring 24 months from the closing date of the private placement. The Company paid a total of \$20,688 in finder’s fee associated with the private placement and issued 295,536 finder warrants with an exercise price of \$0.07 expiring 24 months from the closing date of the private placement.

Tabor Lake Drilling Permit

On August 14, the Company obtained the Tabor Lake drilling permit.

Additional Information

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