

## MADI MINERALS LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED AUGUST 31, 2022

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**December 15, 2022**

This Management Discussion and Analysis ("MD&A") of Madi Minerals Ltd. ("Madi" or the "Company") has been prepared by management as of December 15, 2022 and should be read together with the consolidated financial statements and related notes for the year ended August 31, 2022 which are prepared in accordance with International Financial Reporting Standards ("IFRS").

#### **FORWARD LOOKING STATEMENTS**

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks Factors section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company may not provide updates or revise any forward-looking statements, except those otherwise required under paragraph 5.8(2) of NI 51-102, whether written or oral that may be made by or on the Company's behalf.

In March 2020, the COVID-19 pandemic has caused significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. In late February 2022, Russia launched a large scale military attack on Ukraine. The invasion significantly amplified already existing geopolitical tensions among Russia, Ukraine, Europe, NATO and the West, including Canada. Consequently, the Company has limited access to capital and financing which is the primary source of cash for the Company. While the Company continues to monitor the investment portfolio and assess the impact that these events will have on its business activities, the extent of the effect of these events on the Company's future activities is uncertain.

#### **OVERALL PERFORMANCE**

The Company is engaged in the business of mineral exploration.

The Company's registered office, corporate office and principal place of business is Suite 1240 - 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2. The Company was incorporated under the Business Corporations Act (British Columbia) on March 4, 2021.

On April 11, 2022, the Company completed its initial public offering (the "IPO") of 4,025,000 common shares at a price of \$0.10 for total proceeds of \$402,500. Research Capital Corporation acted as agent for the IPO. The agent received a cash commission equal to 10% of the gross proceeds of the IPO and a corporate finance fee of \$25,000. In addition, the Company granted the agent, and its selling group, agent's warrants entitling the holder to purchase an aggregate of 402,500 shares at a price of \$0.10 per share until April 11, 2024. The agent's warrants were allocated a fair value of \$29,100. The Company also paid other issuance costs of \$23,657.

On April 12, 2022, the Company commenced trading on the Canadian Securities Exchange under the symbol MADI.

On August 8, 2022, the Company completed a three-cornered amalgamation to which the Company's wholly-owned subsidiary, 1000256194 Ontario Ltd., amalgamated with Casey Jones Lithium Inc. ("Casey") and continued as one entity. The amalgamated entity, 1000279021 Ontario Ltd., became a wholly-owned subsidiary of the Company. In consideration of completing the transaction, the Company issued 12,000,000 common shares, of which:

- i) 4,000,000 shares are issued without legend or restrictions;
- ii) 4,000,000 shares must not be traded before December 8, 2022; and
- iii) 4,000,000 shares must not be traded before April 8, 2023.

The shares issued were valued at \$1,366,000 using the Company's share price on the date of share issuance of \$0.135, adjusted for a discount of \$254,000 using option pricing model to account timing of the share releases due to the restrictions noted above. The estimated discount of \$254,000 was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 160% (determined based on comparable publicly listed entities); an expected life of 0.67 years; a dividend yield of 0%; and a risk-free rate of 3.28%. The Company paid transaction costs of \$24,379.

## RESULTS OF OPERATIONS

As at August 31, 2022, the Company had total assets of \$1,733,576 (2021 - \$256,617). As at August 31, 2022, the Company had current liabilities of \$68,825 (2021 - \$8,500).

For the year ended August 31, 2022, the Company reported a loss of \$375,059 (2021 - \$46,916) before taxes and a comprehensive loss of \$358,558 (2021 - \$63,417). The losses for the year ended August 31, 2022 are comprised of consulting fees of \$36,000 (2021 - \$Nil), filing and transfer agent fees of \$34,011 (2021 - \$Nil), management fees of \$85,000 (2021 - \$13,750), office of \$2,289 (2021 - \$384), professional fees of \$106,598 (2021 - \$10,500), shareholder information of \$12,000 (2021 - \$Nil), share-based payment of \$92,100 (2021 - \$22,282) and travel and promotion expenses of \$7,061 (2021 - \$Nil). The Company has recovered \$16,501 (2021 - \$16,501 expensed) in deferred income tax in the period.

For the three months period ended August 31, 2022, the Company reported a loss of \$124,717 (2021 - \$40,327) before taxes and a comprehensive loss of \$117,731 (2021 - \$40,327). The losses for the period ended August 31, 2022 are comprised of consulting fees of \$14,000 (2021 - \$Nil), filing and transfer agent fees of \$3,460 (2021 - \$Nil), management fees of \$38,500 (2021 - \$7,500), office of \$144 (2021 - \$45), professional fees of \$31,244 (2021 - \$10,500), shareholder information of \$10,000 (2021 - \$Nil), share-based payment of \$22,900 (2021 - \$22,282) and travel and promotion expenses of \$4,469 (2021 - \$Nil). The Company has recovered \$6,986 (2021 - \$Nil) in deferred income tax in the period.

## SUMMARY OF QUARTERLY RESULTS

The Company was incorporated on March 4, 2021 and, for that reason, only the previous six quarters have been presented in the table below.

	Q4	Q3	Q2	Q1
	August 31, 2022	May 31, 2022	February 28, 2022	November 30, 2021
Loss and comprehensive loss for the period	\$(117,731)	\$ (215,085)	\$(14,360)	\$(11,382)
Loss per Share	(0.01)	(0.02)	-	-
	Q4	Q3		
	August 31, 2021	May 31, 2021		
Loss and comprehensive loss for the period	\$ (40,327)	\$ (23,090)		
Loss per Share	-	-		

## **EXPLORATION AND PROJECTS**

The principal asset of the Company is its option to acquire up to a 75% interest in the Georgina Property, a gold prospect.

### Georgina Property

On March 29, 2021, the Company entered into an agreement to acquire up to a 75% interest in one mining claim in the Nanaimo Mining Division, Vancouver Island, British Columbia. To acquire a 51% interest, the Company issued 100,000 common shares (issued for \$2,000) and made a cash payment of \$5,000 to the vendor.

To earn a further 24% (for a total of 75%), the Company must pay the vendor \$10,000 on or before March 29, 2022 (paid), issue 100,000 common shares on or before the first anniversary of the initial listing of the Company's shares on an exchange (issued), and incur aggregate exploration expenditures of \$200,000 of which \$75,000 must be incurred before March 29, 2022 (incurred) and \$125,000 on or before the first anniversary of the initial listing of the Company's shares on an exchange. Should the Company not earn the additional 24% interest, the property will revert back to the vendor.

The property is subject to a net smelter royalty of 2% payable to the vendor.

The property is located approximately 20 kilometers south of Sayward on northern Vancouver Island, British Columbia. The property consists of one mineral claim covering an area of 2,069 hectares.

The property is in a relatively undeveloped area. Since 1969, exploration has been limited to prospecting and trenching and one 2019 geophysical survey. The programs have identified potential copper and gold deposits.

### Morrison River Property

On August 8, 2022, the Company entered into an agreement to acquire a 100% interest in the Morrison River Property through the acquisition of 100% of the common shares of a privately held company that owns the property.

The Company issued 12,000,000 common shares (issued at a value of \$1,366,000); and paid other transaction costs of \$24,379 related to acquiring the privately held company through amalgamation.

### Future Plans

In relation to the Property, the Company currently plans to follow recommendations made in the Technical Report. The Technical Report recommends that the Company retain a geophysicist to further interpret the airborne survey results, compile all available data, and undertake an exploration program which includes mapping, soil sampling and trenching of areas of interest.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company reported working capital of \$50,745 (2021 - \$129,042) at August 31, 2022 and cash of \$102,195 (2021 - \$128,331). Current liabilities as at August 31, 2022 consisted of account payable and accrued liabilities of \$68,825 (2021 - \$8,500).

During the year from September 1, 2021 to August 31, 2022, the Company:

- i) completed its initial public offering (the "IPO") of 4,025,000 common shares at a price of \$0.10 for total proceeds of \$402,500. Research Capital Corporation acted as agent for the IPO. The agent received a cash commission equal to 10% of the gross proceeds of the IPO and a corporate finance fee of \$25,000. In addition, the Company granted the agent, and its selling group, agent's warrants entitling the holder to purchase an aggregate of 402,500 shares at a price of \$0.10 per share until April 11, 2024. The agent's warrants were allocated a fair value of \$29,100. The Company also paid other issuance costs of \$23,657.

- ii) issued 200,000 common shares for \$20,000 pursuant to options exercise and allocated \$6,367 from option reserve to share capital.
- iii) entered into an amalgamation agreement (the “Amalgamation Agreement”) with Casey and 1000256194 Ontario Ltd. (“Subco”), a wholly owned subsidiary of Madi incorporated solely for the purposes of the transaction, in order to acquire all of the issued and outstanding shares of Casey (the “Transaction”). Upon completion of the Transaction, Madi will, through Casey, be the sole beneficial owner of the Morrison River Property, a mineral exploration property located in the western portion of Ontario (the “Morrison River Property”). In consideration of completing the transaction, the Company issued 12,000,000 common shares valued at \$1,366,000 and paid transaction costs of \$24,379.

The Company has limited working capital to continue administrative operations and development of its exploration asset and may continue to have capital requirements in excess of its currently available resources. The Company intends to raise additional financing either privately or through a public financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

### OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

### RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company’s Board of Directors and corporate officers. The remuneration of directors and key management personnel made during the period is as follows:

	Year ended August 31, 2022	From incorporation on March 4 to August 31, 2021
Musil G. Consulting Services Ltd. (controlled by Gary Musil)	\$ 25,500	\$ 13,750
England Communications Ltd. (controlled by Mike England)	60,000	-
Leon Ho	3,000	-
Nancy Kawazoe	10,800	4,000
Share-based payments	48,850	22,282
	<b>\$ 148,150</b>	<b>\$ 40,032</b>

Effective March 15, 2021 the Company entered into a management services agreement with a company controlled by a director and senior officer. Terms include a monthly fee of \$2,500 and automatic renewal every six months unless terminated by either the Company or the service provider. The Company also pays office rent of \$100 per month to this company. During the year ended August 31, 2022, this agreement was terminated, and a total rent of \$500 was paid.

During the year ended August 31, 2022, the Company:

- i) paid or accrued management fees of \$25,000 (2021 - \$13,750) and office expense of \$500 (2021 - \$Nil) to a company owned by the former CEO of the Company.
- ii) paid or accrued management fees of \$60,000 (2021 - \$Nil) to a company owned by the former CEO of the Company.
- iii) paid or accrued professional fees of \$10,800 (2021 - \$4,000) to the former CFO of the Company.

- iv) paid or accrued consulting fees of \$3,000 (2021 - \$Nil) to the CFO of the Company.
- v) granted 500,000 (2021 – 700,000) stock options with a value of \$48,850 (2021 - \$22,282) to officers and directors of the Company.

As at August 31, 2022, due to related parties amounted to \$1,050 (2021 – \$2,000) included in accounts payable and accrued liabilities on the statements of financial position.

## **CRITICAL ACCOUNTING ESTIMATES**

Not applicable for Venture Issuers.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company's financial instruments are comprised of cash and accounts payable and accrued liabilities. The carrying value of accounts payable and accrued liabilities as presented in the statements of financial position is a reasonable estimate of its fair value.

Financial assets and liabilities measured at fair value on a recurring basis are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value financial assets and liabilities are described below.

### *Level 1 – Quoted Prices in Active Markets for Identical Assets*

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Cash is valued using quoted market prices in active markets. Accordingly, it is included in Level 1 of the fair value hierarchy.

### *Level 2 – Significant Other Observable Inputs*

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

### *Level 3 – Significant Unobservable Inputs*

Unobservable (supported by little or no market activity) prices.

### *Financial Instrument Risks*

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, liquidity risk and currency risk.

#### a) Credit risk

The Company is exposed to credit concentration risk by holding cash. This risk is minimized by holding the investments in large Canadian financial institutions. The Company has no accounts receivable exposure.

#### b) Interest rate risk

The Company is exposed to minimal interest rate risk. Fluctuations in market interest rates do not have a significant impact on the Company's operations.

#### c) Market risk

The Company is exposed to market risk for fluctuating values of its publicly traded marketable securities and other corporate investments. The Company has no control over these fluctuations and does not hedge its investments.

d) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. As at August 31, 2022, the Company manages this risk by monitoring its working capital to ensure its expenditures will not exceed available resources. As at August 31, 2022, the Company had cash of \$102,195 (2021 - \$128,331) and a working capital of \$50,745 (2021 – \$129,042). The Company may not be able to settle accounts payable and accrued liabilities of \$68,825 (2021 - \$8,500). The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short term business requirements. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

e) Currency risk

Currency risk is the risk from fluctuations in foreign exchange rates and the degree of volatility of these rates. At August 31, 2022, the Company's cash is held in Canadian dollars and accordingly the Company is not exposed to currency risk.

### **SIGNIFICANT ACCOUNTING POLICIES**

The Company's significant accounting policies can be found in Note 4 of its audited financial statements for the year ended August 31, 2022.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The information provided in this report as referenced from the Company's financial statements for the referenced reporting period is the sole responsibility of management. In the preparation of the information along with related and accompanying statements and estimates contained herein, management uses careful judgement in assessing the values (or future values) of certain assets or liabilities. It is the opinion of management that such estimates are fair and accurate as presented.

### **OTHER REQUIREMENTS**

#### ***Summary of Outstanding Securities as at December 15, 2022***

Authorized: Unlimited number of common shares without par value.

Issued and outstanding: 26,425,001 Common Shares.

#### Share Purchase Options

Number of Options	Exercise Price	Expiry Date
500,000	\$0.10	30-Aug-24
800,000	\$0.10	4-May-25
200,000	\$0.135	18-Aug-25
500,000	\$0.055	12-Dec-27
2,000,000		

## Warrants

Number of Warrants	Exercise Price	Expiry Date
402,500	\$0.10	11-Apr-24
402,500		

## RISKS AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economical. The Company has no producing properties, no significant source of operating cash flow and consequently no sales or revenue from operations. The Company has either not yet determined whether its mineral properties contain mineral reserves that are economically recoverable or where reserves have been determined, mining operations have not yet commenced. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves.

The property interests in whom the Company has an option to earn an interest are in the exploration stages only, are without and may not result in any discoveries of commercial mineralization, and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines, the result being the Company will be forced to look for other exploration projects. The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters.

*Additional disclosures pertaining to the Company's technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).*

## CHANGE IN MANAGEMENT

On May 26, 2022, the Company announced the resignation of Nancy Kawazoe as the Chief Financial Officer, Director, and Corporate Secretary of the Company.

On May 26, 2022, the Company appointed Leon Ho as the Chief Financial Officer of the Company.

On May 26, 2022, the Company appointed Mike England as the Director of the Company.

On June 28, 2022, Gary Musil resigned from the position of CEO and President but will remain on with the Company as a Director. Michael England was appointed CEO and President and will assume the responsibilities effective immediately.

On August 18, 2022, the Company appointed Binyomin Posen to its Board of Directors.

On September 16, 2022, Gary Musil resigned from the Board of Directors.

On December 1, 2022, the Company appointed Ross Mitgang as the new CEO, President and Director. Mike England resigned as CEO and President but will remain on the Board of Directors. In addition, Dianne Szigety resigned from the Board of Directors.