



**CARMANAH**  
MINERALS CORP

**CARMANAH MINERALS CORP.**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**FOR THE THREE AND NINE MONTHS ENDED FEBRUARY 28, 2023 AND 2022**

**(EXPRESSED IN CANADIAN DOLLARS)**

## **GENERAL**

The following Management's Discussion and Analysis ("MD&A") is presented as at May 1, 2023 and provides an analysis of the financial results of Carmanah Minerals Corp. ("Carmanah" or the "Company") for the three and nine months ended February 28, 2023 and 2022. It should be read in conjunction with the Company's condensed interim financial statements for the three and nine months ended February 28, 2023 and the audited financial statements for the year ended May 31, 2022. The Company's condensed interim financial statements and the financial information contained in this MD&A were prepared in accordance with IFRS. Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

The MD&A, particularly under the heading "Capital Resources", contains forward-looking statements that involve numerous risks and uncertainties. Forward-looking statements are not historical fact, but rather are based on the Company's current plans, objectives, goals, strategies, estimates, assumptions, and projections about the Company's industry, business and future financial results. The Company's actual results could differ materially from those discussed in such forward-looking statements.

## **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this MD&A constitute forward-looking statements and forward-looking information (collectively, "**forward-looking statements**"). Such forward-looking statements relate to possible events, conditions or financial performance of the Corporation based on future economic conditions and courses of action. All statements other than statements of historical fact are forward-looking statements. The use of any words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "will likely result", "are expected to", "will continue", "is anticipated", "believes", "estimated", "intends", "plans", "projection", "outlook" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes there is a reasonable basis for the expectations reflected in the forward-looking statements, however no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this prospectus should not be unduly relied upon by investors. The forward-looking statements speak only as of the date of this prospectus and are expressly qualified, in their entirety, by this cautionary statement.

## **COMPANY OVERVIEW**

Carmanah Minerals Corp. ("Carmanah" or the "Company") is incorporated on October 30, 2020 under the British Columbia Corporations Act of the Province of British Columbia. On June 27, 2022, the Company's shares began trading on the Canadian Securities Exchange (the "CSE") under the symbol "CARM".

The address of the Company and the registered office is 1903 - 808 Nelson Street, Vancouver, British Columbia V6Z 2H1. The address of the records office is 200-3310 South Service Road, Burlington, Ontario L7N 3M6.

## **GOING CONCERN**

This MD&A and the Financial Statements have been prepared on the basis that the Company will remain a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business for the Company's next fiscal year.

The Company's ability to continue as a going concern is dependent upon successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Therefore, this indicates a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

As a result of the above, realization values may be substantially different from the carrying values shown and the Company's financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of the assets and liabilities should the Company be unable to continue as a going concern.

## **OVERALL PERFORMANCE**

The following discussion of the Company's financial performance is based on the financial statements for the nine months ended February 28, 2023.

The statement of financial position as of February 28, 2023 indicates a cash position of \$88,449, and total current assets of \$139,327. Total current assets comprise primarily of cash in bank accounts, receivables and prepaid expenses. The increase in cash as at February 28, 2022 was due to the issuance of shares during the nine months ended February 28, 2023.

Current liabilities at February 28, 2023 totaled \$33,735 which comprised of trade payables and accrued liabilities. The Company does not have any long-term liabilities as at February 28, 2023. Shareholders' equity, as at February 28, 2023, is comprised of capital stock of \$568,584, reserves of \$149,300 and accumulated deficit of \$435,792. As at February 28, 2023, working capital, which is current assets less current liabilities, was \$105,592.

Management believes that upon the closing of the Initial Public Offering ("IPO") on June 27, 2022, there is sufficient working capital to maintain the Company's day-to-day operations for the next 12 months, however, the Company will need to raise additional funds through issuance of debt or equity instruments for acquisition of mineral properties.

## EXPLORATION AND EVALUATION ASSET

### Loljuh Project

On February 16, 2021, the Company entered into a property option agreement to acquire 100% of the interest of the Loljuh Property from Fred Antonio Tejada (the "Loljuh Optionor"). The property is 1,656.73 hectares and is located in Northern British Columbia.

As part of the agreement, the Company is required to make cash payments and make exploration expenditures as follows:

Payment period	Expenditures	Cash Payments
On execution of the Option Agreement ("Closing Date")	Nil	\$40,000 (paid)
On or before 18 months following the Closing Date	Nil	\$40,000 (paid)
On or before 30 months following the Closing Date	\$100,000	\$40,000
On or before 42 months following the Closing Date	\$200,000	\$60,000
On or before 54 months following the Closing Date	\$300,000	\$60,000
On or before 66 months following the Closing Date	\$400,000	\$60,000
<b>TOTAL</b>	<b>\$1,000,000</b>	<b>\$300,000</b>

Upon the Company delivering the Loljuh Optionor a notice confirming the satisfaction of \$1,000,000 of expenditures and \$300,000 payment, the Company has 90 days to pay the Loljuh Optionor a further \$1,500,000 to acquire 100% of the earned interest of the Loljuh Property. The Company may elect to satisfy up to 50% (\$750,000) of the option exercise in the issuance of common shares of the Company at a deemed price equal to the market price of the time of the issuance.

The Loljuh Property has a 2% Net Smelter Royalty ("NSR") that can be acquired for a payment of \$2,000,000

### **Walker Creek Project**

On October 5, 2022, the Company entered into a property option agreement to acquire 50% interest of the Walker Creek Claims from Marvel Discovery Corp. ("Marvel"). The property is 10,576.33 hectares and is located in the Athabasca Basin, Saskatchewan.

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As part of the agreement, the Company is required to make cash payments and make exploration expenditures as follows:

<b>Payment period</b>	<b>Expenditures</b>	<b>Cash Payments</b>
On execution of the Option Agreement ("Closing Date")	Nil	\$10,000 (Paid)
On or before 90 days following the Closing Date	Nil	\$40,000 (Paid)
On or before the first anniversary of the Closing Date	\$187,500	\$75,000
On or before the second anniversary of the Closing Date	\$375,000	\$75,000
On or before the third anniversary of the Closing Date	\$937,500	\$100,000
On or before the fourth anniversary of the Closing Date	Nil	\$100,000
<b>TOTAL</b>	<b>\$1,500,000</b>	<b>\$400,000</b>

In addition, the company is required to issue common shares and share purchase warrants as follows:

<b>Payment period</b>	<b>Shares</b>	<b>Warrants</b>	<b>Exercise price per Warrant</b>
On execution of the Option Agreement ("Closing Date")	500,000 (Issued)	500,000 (Issued)	\$0.13
On or before the first anniversary of the Closing Date	750,000	750,000	30% premium of Market Value at the date of issuance
On or before the second anniversary of the Closing Date	750,000	750,000	30% premium of Market Value at the date of issuance
On or before the third anniversary of the Closing Date	1,000,000	1,000,000	30% premium of Market Value at the date of issuance
On or before the fourth anniversary of the Closing Date	500,000	500,000	30% premium of Market Value at the date of issuance
<b>TOTAL</b>	<b>3,500,000</b>	<b>3,500,000</b>	

The Walker Creek Property is subject to a 2% Net Smelter Royalty.

### **Hare Hill Pluton Project**

On February 15, 2023, the Company entered into a property acquisition agreement to acquire a 100% interest in the Hare Hill Pluton claims from 1254883 B.C. Ltd. The property is located in Newfoundland.

Pursuant to the agreement, the Company is required to make cash payments as follows:

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Payment period		Cash Payments
On execution of the Agreement Date		\$ 5,000
On or before 45 days following the Agreement Date		\$45,000
On or before the second anniversary of the Agreement Date		\$50,000
On or before the third anniversary of the Agreement Date		\$80,000
<b>TOTAL</b>		<b>\$180,000</b>

In addition, the Company is required to issue common shares and share purchase warrants as follows:

Payment period	Shares	Warrants	Exercise price per Warrant
On or before 15 days of the Agreement Date	550,000	550,000	\$0.075
On or before the second anniversary of the Closing Date	650,000	650,000	25% premium of Market Value at the date of issuance
On or before the third anniversary of the Closing Date	800,000	800,000	25% premium of Market Value at the date of issuance
<b>TOTAL</b>	<b>2,000,000</b>	<b>2,000,000</b>	

The Hare Hill Pluton Property is subject to a 2.5% Net Smelter Royalty of which 1% can be acquired for \$1,000,000.

## RESULTS OF OPERATIONS

### Selected Financial Data

The following sets out selected financial information from the Company's most recently completed financial periods, being the year ended May 31, 2022 and the period from October 30, 2020 (Date of Incorporation) to May 31, 2021, and are derived from, and should be read together with the Company's financial statements.

Summary of Components of Statements of Operations and Comprehensive Loss	For the year ended	For the period from October 30, 2020 to
	May 31, 2022	May 31, 2021
	\$	\$
Expenses	115,998	20,059
Net loss and comprehensive loss	(115,998)	(20,059)
Basic and diluted loss per share	(0.02)	(0.01)

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Summary of Components of Balance Sheet	May 31, 2022	May 31, 2021
Total assets	68,812	129,436
Total liabilities	104,467	59,493
Working capital	(35,655)	29,943
Accumulated deficit	(136,057)	(20,059)

**Selected Quarterly Financial Data**

The following table sets forth selected financial information for the Company for the eight most recently completed quarters. Such information is derived from unaudited financial statements and audited financial statements prepared by management in accordance with IFRS.

	Feb 28, 2023 (\$)	Nov 30, 2022 (\$)	Aug 31, 2022 (\$)	May 31, 2022 (\$)
Total Expenditures	50,145	60,476	239,259	76,393
Net Loss	(50,145)	(60,476)	(239,259)	(76,393)
Loss per Share	(0.00)	(0.01)	(0.03)	(0.01)
Total Assets	291,716	315,827	281,485	68,812
Working Capital	51,416	105,592	168,568	(75,655)

	Feb 28, 2022 (\$)	Nov 30, 2021 (\$)	Aug 31, 2021 (\$)	May 31, 2021 (\$)
Total Expenditures	22,106	10,486	7,013	17,986
Net Loss	(22,106)	(10,486)	(7,013)	(17,986)
Loss per Share	(0.00)	(0.00)	(0.00)	(0.01)
Total Assets	68,703	81,790	86,731	129,436
Working Capital	739	12,445	22,390	(9,112)

### **Results for the Three Months ended February 28, 2023**

During the three months ended February 28, 2023, the Company reported operating expenses of \$50,145 compared to \$24,157 incurred in the same period in the prior year. The significant differences in expenditures are as follows:

- Exploration and evaluation of \$16,250 during the three months ended February 28, 2023 compared to \$nil during the same period in the prior year. The increase in exploration spending is primarily the result of the commencement of the work program on the Loljuh Property.
- Filing fees of \$3,343 during the three months ended February 28, 2023 compared to \$16,572 during the same period in the prior year. Filing fees paid during the three months ended February 28, 2023 is the result of fees required for public company filings
- Office and other fees of \$1,010 during the three months ended February 28, 2023 compared to \$335 during the same period in the prior year.
- Professional fees of \$22,042 during the three months ended February 28, 2023 compared to \$nil during the same period in the prior year. The increase is primarily due to legal fees related to financing activity.

During the three months ended February 28, 2022, the Company reported a net comprehensive loss of \$50,145, and basic and diluted loss per share of \$0.00.

### **Results for the Nine Months ended February 28, 2023**

During the nine months ended February 28, 2023, the Company reported operating expenses of \$349,685 compared to \$41,655 incurred in the same period in the prior year. The significant differences in expenditures are as follows:

- Consulting expenses of \$105,900 during the nine months ended February 28, 2023 compared to \$3,150 in the same period in the prior year. The consulting expenses are related to advisory fees for the IPO.
- Exploration and evaluation of \$67,323 during the nine months ended February 28, 2023 compared to \$10,636 during the same period in the prior year. The increase in exploration spending is primarily the result of the commencement of the work program on the Loljuh Property.
- Filing fees of \$23,2713 during the nine months ended February 28, 2023 compared to \$16,572 during the same period in the prior year. Filing fees paid during the nine months ended February 28, 2023 is the result of fees required for the IPO and listing the shares of the Company on the CSE.
- Office and other fees of \$14,908 during the nine months ended February 28, 2023 compared to \$1,037 during the same period in the prior year. The increase of Office and other fees during is primarily due to activities related to the IPO.



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- Professional fees of \$33,343 during the nine months ended February 28, 2023 compared to \$3,160 during the same period in the prior year. The increase of Professional fees is primarily due to increase in legal fees associated to the IPO.
- Share based payments of \$71,600 during the nine months ended February 28, 2023 compared to \$2,600 during the same period in the prior year. During the nine months ended February 28, 2023, the Company issued stock options to various consultants of the Company.

During the nine months ended February 28, 2023, the Company reported a net comprehensive loss of \$349,685, and basic and diluted loss per share of \$0.03.

## **OUTLOOK**

The Company has not yet determined whether its current exploration and evaluation assets have economically recoverable ore reserve. The Company aims to continue to seek potential mineral properties and bring these properties from exploration to commercial production.

The Company intends to raise funds in order to secure its interests in the Loljuh, Walker Creek, and Hare Hill Pluton projects. Ultimately, the Company anticipates creating shareholder value through identification and acquisition of potential mining properties, the advancements of these properties and any other projects as they come along.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company does not generate cash from operations and finances its activities by raising funds via issuance of the Company's common shares.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2023, the Company's cash balance was \$71,661 and the Company had working capital of \$51,416.

### **Financing Activities**

During the nine months ended February 28, 2023, the Company issued common shares as follows:

On November 21, 2022, the Company issued 500,000 common shares for the option payment on the Walker Creek Project.

On September 29, 2022, the Company issued 75,000 common shares in lieu of cash for the option payment on the Loljuh Project.

On June 27, 2022, the Company issued 5,750,000 common shares at a price of \$0.10 for gross proceeds of \$575,000. In connection with the issuance of the shares, the Company incurred share issuance costs of \$123,118 in cash and 575,000 share purchase warrants valued at \$31,800 were issued as financing fees.

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Subsequent to February 28, 2023

On April 21, 2023, the Company issued 8,333,334 units at a price of \$0.06 for gross proceeds of \$500,000. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.10 for a period of twenty four months from the date of issue. The Company incurred cash commissions of \$12,720 in cash and issued 212,000 share purchase warrants in connection with the financing.

### **CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard our ability to continue as a going concern in order to support the Company's operations and growth strategies for the benefit of the Company's stakeholders. As the Company is in its development stage, our principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of equity as well as cash and restricted cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and investments.

The Company is not subject to externally imposed capital requirements and our overall strategy with respect to capital risk management remains unchanged during the period presented.

### **CAPITAL STRUCTURE**

As at the date of this MD&A, the Company has 19,758,385 common shares issued and outstanding. In addition, there are outstanding incentive 1,085,000 share options and 9,408,334 warrants.

	<b>Common Shares</b>
Balance at October 30, 2020 (date of incorporation)	-
Issuance of shares for cash	5,100,051
Balance at May 31, 2022 and 2021	5,100,051
Issuance of shares for cash	5,750,000
Issuance of shares for Loljuh Project option payment	75,000
Issuance of shares for Walker Creek Project option payment	500,000
Balance at February 28, 2023	11,425,051
Issuance of shares for cash	8,333,334
Balance at May 1, 2023	19,758,385

The changes in incentive share options outstanding are summarized as follows:

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	Weighted average exercise price	Number of shares issued or issuable on exercise
	\$	
Balance – May 31, 2021	-	-
Stock options issued	0.10	140,000
Balance – May 31, 2022	0.10	140,000
Stock options issued	0.10	945,000
Balance – February 28, 2023	0.10	1,085,000

The changes in share purchase warrants outstanding are summarized as follows:

Details regarding purchase warrants outstanding are summarized as follows:

	Weighted Average exercise price	Number of shares issued or issuable on exercise
	\$	
Balance – May 31, 2022 and 2021	-	-
Share purchase warrants issued	0.10	575,000
Share purchase warrants issued	0.13	500,000
Balance - February 28, 2023	0.11	1,075,000
Share purchase warrants issued	0.10	8,333,334
Balance - May 1, 2023	0.10	9,408,334

The expiry of the warrants are as follows:

Grant Date	Expiry Date	Number of warrants issued	Weighted Average Exercise Price
			\$
June 27, 2022	June 27, 2024	575,000	0.10
November 22, 2022	November 22, 2027	500,000	0.13
April 21, 2023	April 21, 2025	8,333,334	0.10
		9,408,334	0.10

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

## **FINANCIAL INSTRUMENTS**

Refer to Note 13 of the Company's financial statements for the three and nine months ended February 28, 2023.

## **RISK FACTORS**

The Company's business is subject to the risks set out below. Please see the section titled "*Risk Factors*" in the Company's Prospectus for additional risk factors.

### Financing of Existing and Future Operations

With no source of revenue, the Company has negative cash flow from operations and raises funds for operations through equity financings. The Company's ability to raise funds for existing and continuing operations and future exploration and development of its properties cannot be guaranteed.

### Mining Industry

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that any exploration programs planned by the Company will result in a profitable commercial mining operation. Whether a mining deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of ore, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

The Company's mineral exploration activities are directed towards the search, evaluation and development of mineral deposits. There is no certainty that the expenditures to be made by the Company as described herein will result in discoveries of commercial quantities of ore. There is aggressive

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competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

#### Government Regulation

The exploration activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste.

Although the Company's exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration, mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

#### Permits and Licenses

The exploitation and development of mineral properties may require the Company to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that may be required to carry out exploration, development and mining operations on its properties.

#### Environmental Risks and Hazards

All phases of the Company's mineral exploration operations are subject to environmental regulation in jurisdictions in which it operates. 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.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, which have been caused, by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

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Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, 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.

**RELATED PARTY TRANSACTIONS**

Refer to Note 11 to the Company's financial statements for the three and nine months ended February 28, 2023.

**CRITICAL ACCOUNTING ESTIMATES**

Refer to Note 3 to the Company's financial statements for the three and nine months ended February 28, 2023.

**FUTURE CHANGES IN ACCOUNTING POLICIES**

Refer to Note 4 to the Company's financial statements for the three and nine months ended February 28, 2023.