

**Scout Minerals Corp.**  
**(an exploration-stage company)**

**Management Discussion and Analysis**  
**For the six months ended June 30, 2022**

This Management's Discussion and Analysis ("MD&A") is dated as of August 23, 2022 and should be read in conjunction with the unaudited condensed interim consolidated financial statements of Scout Minerals Corp. (the "Company", or "Scout", or "We", or "Our", or "Us") for the three and six months ended June 30, 2022 and the related notes thereto (the "Interim Financial Statements"), the audited financial statements for the period from incorporation on October 26, 2021 to December 31, 2021 (the "Year End Financials"), and the Company's prospectus, dated June 20, 2022 (the "Prospectus") each of which is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Interim Financial Statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

This MD&A contains forward-looking statements that involve numerous risks and uncertainties. The Company continually seeks to minimize its exposure to business risks, but by the nature of its business and exploration activities and size, will always have some risk. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties, or those described under the heading "*Risk Factors*" in the Prospectus, and those set forth in this MD&A under the heading, "*Industry and Economic Factors that May Affect our Business*" materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.

Our reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars unless otherwise stated.

### **Outlook**

In March 2020 the World Health Organization declared coronavirus COVID-19 ("coronavirus") a global pandemic. This contagious disease outbreak, which has continued to mutate and spread has adversely affected workforces, economies, and financial markets globally, giving rise to broad market volatility and uncertainty. Furthermore, recent events in Europe prompted by the conflict in Ukraine, and the response from multiple countries, corporations and governmental agencies may have far reaching impacts on commodity prices, foreign currency exchange rates, and the price of publicly traded companies. The impact on the Company of these, and other global events are not currently determinable, but management continues to monitor the situation.

The Company is engaged in the acquisition, exploration and development of mineral properties in Canada. Its current focus is to conduct the proposed exploration program for the North McKinney exploration property ("McKinney") located in the Greenwood Mining Division, British Columbia (see Asset Acquisition in this MD&A), as more particularly set out in the "*Technical Summary Report North McKinney Property*", prepared for the Company by Ken MacDonald, P.Geo, dated effective June 16, 2022 (the "Technical Report"), along with continuing to identify and potentially acquire additional property interests, assess their potential, and engage in exploration activities.

As of the date of this MD&A, Scout has approximately \$211,342 in working capital available; the Company has begun planning for exploration activities relating to McKinney and, expects to begin incurring expenditures toward satisfaction of the Expenditure Obligation shortly after acceptance of the Prospectus.

### **Overall performance and business to date**

Scout was incorporated on October 26, 2021, under the Business Corporations Act (British Columbia). The Company's sole business focus to date has been to acquire mineral property interests for the purposes of exploration and development.

### **Financing the business**

Since incorporation on October 26, 2021, the Company has raised a total of \$353,401 by issuances of the Company's common shares ("Scout Shares") and "Special Warrants" (see "*Equity Issuances and Outstanding Share Data*", in this MD&A) to finance the commencement of operations with a focus on McKinney. The Company completed the qualification, distribution and listing of the Scout Shares and Scout Share purchase warrants ("Warrant") (the "Go Public Transaction") on the Canadian Securities Exchange (the "CSE") on July 4, 2022.

The Company is fully financed to support its near-term planned business objectives as a result of these initial financings.

### The Go-Public Transaction

On June 20, 2022, the Company filed the Prospectus to qualify the distribution of 2,303,000 units ("Special Units") of Scout, issuable for no additional consideration upon the exercise of certain previously-issued Special Warrants of the Company. Each Special Unit comprised one Scout Share and one Warrant.

Pursuant to the receipt by the British Columbia Securities Commission of the Prospectus (the "Receipt"), and the contractual terms of the Special Warrants, the Company issued 2,303,000 Scout Shares and 2,303,000 Warrants for no additional consideration on June 28, 2022.

Following the completion of the Go-Public Transaction there were 14,982,997 Scout Shares issued and outstanding.

On July 4, 2022, the Scout Shares were listed for trading on the Canadian Securities Exchange (the "CSE") under symbol "SCTM", which is expected to provide greater opportunities to raise capital from a larger group of prospective investors (together with the Receipt, the "Go Public Transaction").

### Mineral Property Interest

The Company secured an option to earn-in to an undivided 75% interest in the McKinney property pursuant to a property option agreement (the "Option Agreement"), dated January 27, 2022.

McKinney is located on the southeast slope of Mt. Baldy in southern British Columbia, approximately 25 kilometres northeast of the town of Osoyoos, British Columbia, and directly north of the past-producing Caribou-Amelia mine at the Camp McKinney camp (the "McKinney camp").

McKinney covers a geological setting that is considered prospective for polymetallic vein mineralization similar to known gold-bearing mesothermal veins first discovered at the McKinney camp. Historical and more recent exploration campaigns have yet to fully evaluate the potential of the known mineralization discovered to date.

McKinney is accessible by a series of all-weather gravel logging roads that bring access both to the west and east sides. The Property is composed of five mineral claims totalling approximately 1,289 hectares.

Pursuant to the Option Agreement, Scout can acquire 75% of McKinney from 1218802 B.C. Ltd. (the "Optionor"), by paying the Optionor the following:

#### Cash Payments

- |   |    |               |
|---|----|---------------|
| • Within five days of the effective date of the Option Agreement: | \$ | 17,500 (paid) |
| • upon completion of the Go Public Transaction:                   | \$ | 45,000 (paid) |
| • on the 12-month anniversary of the Go Public Transaction:       | \$ | 50,000        |
| • on the 24-month anniversary of the Listing:                     | \$ | 75,000        |
| • on the 36-month anniversary date of the Listing:                | \$ | 100,000       |

#### Share Payments

- |   |                      |
|---|----------------------|
| • on the 12-month anniversary of the Go Public Transaction      | 250,000 Scout Shares |
| • on the 24-month anniversary of the Go Public Transaction      | 350,000 Scout Shares |
| • on the 36-month anniversary date of the Go Public Transaction | 500,000 Scout Shares |

Satisfaction of the Property Option also requires Scout to incur a minimum of \$100,000 of exploration expenditures on McKinney on or before the 12-month anniversary of the Go Public Transaction; and a further \$400,000 of exploration expenditures on or before the 36-month anniversary of the Go Public Transaction (the "Expenditure Obligation").

The Optionor was also granted the first right of refusal to conduct the required exploration work on behalf of Scout, provided that the Optionor (a) is qualified to do such work, (b) is able to conduct the exploration work in the timeframe required by the Company, and (c) charges reasonable standard rates comparable to other professionals who have similar experience and qualifications and experience with properties similar to McKinney. Cash payments in lieu of a shortfall in exploration expenditures for a given period may be made by Scout to the Optionor.

Upon satisfaction of the Property Option, the Optionor will retain a 2% net smelter returns royalty interest ("NSR") on the Project, 1% of which can be repurchased by Scout for \$1,000,000 prior to a production decision

The North McKinney exploration property is an early-stage exploration property and does not contain any mineral resource estimates as defined by National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101"). There has been insufficient exploration to define a mineral resource estimate at McKinney. It is uncertain if further exploration will result in targets at McKinney being delineated as a mineral resource.

Additional information about McKinney is summarized in the Prospectus, and the Technical Report, and can be viewed under Scout's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### ***Selected Financial Information***

Management is responsible for the Interim Financial Statements referred to in this MD&A, and provides officers' disclosure certifications filed with the Canadian provincial securities commissions. The Board of Directors of Scout approved the Interim Financial Statements and this MD&A.

Our significant accounting policies are presented in Note 3 of the Year End Financials; we followed these accounting policies consistently throughout the period. Details of new accounting standards issued but not yet effective are also found in Note 4 of the Interim Financial Statements. Preliminary internal discussions have begun in order to evaluate the consequences of the new pronouncements, but the full impact has yet to be assessed.

Management has determined that Scout has a Canadian dollar functional currency because the Company raises its financing and incurs head office expenses primarily in Canadian dollars. The Company's presentation currency for the Interim Financial Statements is also Canadian dollars.

The Company currently operates in only one segment – the acquisition of mineral exploration properties.

The following table sets forth selected financial information with respect to Scout as at each of the noted periods ended, which information has been derived from and should be read in conjunction with the Interim Financial Statements.

### ***Discussion of Operations***

Scout entered into a limited number of transactions, incurring \$5,000 in listing and filing fees, and \$5,000 in professional, legal and advisory fees; recognizing \$2,640 in non-cash stock-based compensation expense, and recording a non-cash \$4,000 charge as an amalgamation expense in the period through June 30, 2022 (see in this MD&A under the heading, "*Equity Issuances and Outstanding Share Data – The Amalgamation*"). Professional, legal, and advisory expenses include fees (\$2,500) related to the first quarter interim review required for the Prospectus, as well as expenditures for bookkeeping services (\$2,500) paid to the Company's Chief Financial Officer (a related party).

	Six-months ended June 30, 2022	Period from incorporation on October 26, 2021 to December 31, 2021
<i>Statement of Loss and Comprehensive Loss</i>		
Total revenue	\$ -nil	\$ -nil
Total loss before taxes	\$ 54,649	\$ 5,016
Income tax expense	\$ -nil	\$ -nil
Loss for the period	\$ 54,649	\$ 5,016
Loss per share, basic & diluted	\$ -nil	\$ -nil

Because the Company is in the exploration stage, it did not earn any significant revenue, and will not for the foreseeable future. With the completion of the Go Public Transaction, Scout's strategic efforts and expenditures are expected to become increasingly focused on exploration activities, resulting in an increase in cash outflows.

### ***Financial Position***

	June 30, 2022	December 31, 2021
Current assets	\$ 317,342	\$ 197,091
Total assets	\$ 335,803	\$ 197,091
Total current liabilities	\$ 36,478	\$ 5,007
Total liabilities	\$ 36,478	\$ 5,007
Shareholders' equity	\$ 292,125	\$ 192,084
Number of Scout Shares outstanding	14,982,997	12,479,997
Cash dividend declared per common share	\$ -nil	\$ -nil

The Company's assets include the balance of cash raised from its initial financings, the capitalized value of the initial payment of \$17,500 toward the McKinney Option, and a small amount of sales tax recoverable.

Currently liabilities are comprised of payables and accruals at June 30, 2022 relating to auditor and bookkeeping fees.

### ***Cash Flows***

The Company is still considered to be in the exploration and development stage and as such does not earn any significant revenue.

Total cash used in operating activities was \$17,500 during the period ended June 30, 2022, reflecting primarily the payment of initial invoices for accounting, legal, and administrative services since incorporation.

Total cash flows used in investing activities reflects the \$17,500 payment made pursuant to the Option Agreement.

Total cash flows provided by financing activities was \$155,251 during the period ended June 30, 2022, inclusive of share issue costs incurred through the Go Public Transaction. See discussion under heading "*Equity Issuances and Outstanding Share Data*", in this MD&A.

### ***Liquidity and Capital Resources***

Scout has no source of revenue, income or cash flow. It has been, through to the date of this MD&A, wholly dependent upon a limited group of shareholders for the advance of funds through the sale of Scout Shares to finance its business.

At June 30, 2022, Scout had \$317,342 in cash reserves, \$292,979 in share capital, and a working capital balance of \$281,825. The completion of the Go Public Transaction, and the recent closing of the Special Warrant and private placement financings provides Scout with sufficient cash to satisfy working capital requirements, and undertake the beginning of planned exploration at McKinney.

### ***Equity Issuances and Outstanding Share Data***

As of June 30, 2022, Scout has one class of outstanding common shares, without par value.

There were 14,982,997 Scout Shares and 11,282,999 Warrants issued and outstanding as at June 30 2022, and as at the date of this MD&A. As at June 30, 2022, 182,750 Common Shares, and 120,000 Warrants were held in escrow.

#### **Scout Share issuances**

##### ***Conversion of Special Warrants***

On June 28, 2022, pursuant to the receipt by the British Columbia Securities Commission of the Company's long form prospectus qualifying the distribution of 2,303,000 units resultant from the exercise of the previously-issued Special Warrants, the Company issued 2,303,000 Scout Shares and 2,303,000 Warrants for no additional consideration.

##### ***The Amalgamation***

The Company entered into an amalgamation agreement dated January 10, 2022 (the "Amalgamation Agreement") with Chara Capital Corp. ("Chara"), and 1341715 B.C. Ltd., a wholly-owned subsidiary of the Company incorporated subsequent to year-end ("1341715"). Pursuant to the Amalgamation Agreement, Chara, and 1341715 amalgamated (the "Amalgamation") to form 1342683 B.C. Ltd. ("Amalco")

The Company issued the following consideration with the following effect:

- One Scout Share in exchange for each of the 187,500 Class B common shares of Chara issued and outstanding at the time of the Amalgamation; and
- One Scout Share in exchange for each of the 12,500 Class A common shares of Chara issued and outstanding at the time of the Amalgamation.

The 200,000 Scout Shares that were issued by the Company pursuant to the Amalgamation were valued at \$4,000. The acquisition and amalgamation did not constitute a business combination under IFRS 3, *Business Combinations*. Because 1342683 BC Ltd. had no significant assets or liabilities, the \$4,000 was accounted for as a non-cash "amalgamation expense" on the consolidated statements of loss and comprehensive loss.

### Warrants

As at June 30, 2022, there were 11,282,999 Warrants outstanding; the weighted-average remaining life of the outstanding Warrants was 1.54 years (December, 31, 2021: 1.92 years).

### Options

Options are awarded in accordance with the Company's stock option plan. Of the 50,000 stock options, awarded on February 15, 2022, only 25,000 remained outstanding as at the date of this MD&A pursuant to the resignation of a director, and consequential forfeiture of 25,000 Options on August 9, 2022.

### ***Contractual Obligations***

Completion of the Property Option includes making certain cash and share payments over time. Although these payments are optional, and at the election of the Company, they are required in order to keep the Option Agreement in good standing.

### ***Transactions with Related Parties***

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

As at June 30, 2022, the Company's related parties include (i) its officers and directors.

No amount was paid by the Company to any members of the Board, or the President and Chief Executive Officer. The Chief Financial Officer provided bookkeeping services for the six-month period ended June 30, 2022 valued at \$2,500 (\$nil at December 31, 2021). No amount remained payable at June 30, 2022.

Two of the Company's directors were awarded stock options during the period (in aggregate, 50,000 Options; see also in this MD&A under "Scout Share Issuances - Options").

### ***Private Placement financings***

An aggregate of 60,000 Special Warrants were purchased by directors and officers of the Company (\$3,000), where were subsequently converted to 60,000 Scout Shares and 60,000 Warrants during the six-month period ended June 30, 2022.

### ***Off Balance Sheet Arrangements and Legal Matters***

Scout has no off-balance sheet arrangements, and there are no outstanding legal matters of which management is aware.

### ***Changes in Accounting Policies and New Accounting Pronouncements***

For information on the Company's accounting policies and a summary of new accounting pronouncements, please refer to our disclosures in our Year End Statements at Note 3, and in the Interim Financial Statements at Note 4.

### ***Summary of Quarterly Results***

During the three months ended June 30, 2022, Scout incurred \$36,667 in listing and filing fees, and \$1,175 in professional, legal and advisory fees. Scout also recognized \$113 in administrative expenses during the period.

During the three months ended March 31, 2022, Scout incurred \$5,000 in listing and filing fees, and \$5,000 in professional, legal and advisory fees. Scout also recognized \$2,640 in non-cash stock-based compensation expense, and recorded a non-cash \$4,000 charge as an amalgamation expense in the period through March 31, 2022.

During the period from incorporation on October 26, 2021 to December 31, 2021, Scout incurred de minimis administrative fees (\$5,016), inclusive of audit fees and administrative charges to set up the Company's banking account.

See also in this MD&A under headings "*Discussion of Operations*", and "*Financial Position*".

There are no other comparative periods as the Company was only established during the final quarter of 2021.

### ***Critical Accounting Estimates***

The preparation of the Interim Financial Statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the reported amounts of assets, liabilities at each period end, and the reported amounts of expenses during the respective reporting periods. Factors that could affect these estimates are discussed in the Prospectus, under the heading, "Risk Factors".

The Company bases its estimates and assumptions on current facts, limited historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

No significant assumptions and estimates have been made at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based this determination on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### ***Financial Instruments and Other Instruments***

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Scout has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

At initial recognition, the Company has classified its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

#### ***Financial assets and liabilities at amortized cost***

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

#### ***Financial assets and liabilities at FVTPL***

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of loss in the period in which they arise.

#### ***Financial assets and liabilities at FVOCI***

Financial assets carried at FVOCI are initially recorded at fair value. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in the statement of loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

At each reporting date, management assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss.

The Company classifies its financial instruments as follows:

Financial assets/liabilities	
Cash	Amortized cost
Payables and accrued liabilities	Amortized cost

#### ***Risks Associated with Financial Instruments***

Scout is exposed in varying degrees to a variety of financial instrument related risks. The Company's Board of Directors provides oversight of our risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

##### ***Credit risk***

The financial instrument which potentially subjects the Company to concentration of credit risk is cash. As at June 30, 2022, the balance of cash held on deposit was \$317,342. The Company has not experienced any losses in such amounts and believes it is not exposed to any significant risks on its cash in bank accounts.

##### ***Liquidity Risk***

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its capital in order to meet short term business requirements, after taking into account cash flows from operations, expected capital expenditures and the Company's holdings of cash. In the long term, the Company may have to issue additional shares to ensure there is sufficient capital to meet long term objectives.

The Company's financial liabilities of payables and accrued liabilities are payable without repayment terms and are to be funded from cash provided by private placement financings.

#### ***Industry and Economic Factors that May Affect our Business***

Economic and industry risk factors that may affect our business, in particular those that could affect our liquidity and capital resources, are outlined under the heading "*Risk Factors*" in the Prospectus to which this MD&A is appended. In particular, there are ongoing significant uncertainties in capital markets impacting the availability of equity financing for the purposes of mineral exploration and development. There are also significant uncertainties relating to the global economy, risks and uncertainty relating to the impact of coronavirus; increased volatility in the prices of gold, copper, other precious and base metals and other minerals, which impact our business, our ability to satisfy the various conditions precedent to satisfying and completing the Property Option, and potentially our ability to remain a going concern. Difficulty in accessing capital on favourable terms may also limit the Company's ability to acquire and subsequently explore other mineral property interests.

#### ***Proposed Transactions***

As is typical of the mineral exploration and development industry, we continually review potential merger, acquisition, investment, and joint venture transactions, and opportunities that could enhance shareholder value. There is no guarantee that any contemplated transaction will be concluded.

While we remain focused on satisfying the earn-in on McKinney, should we enter into agreements in the future on new properties, we may be required to make cash payments and complete work expenditure commitments under those agreements which would change our planned expenditures.

#### ***Subsequent Events Not Otherwise Described Herein***

With the exception of transactions and activities described in this MD&A, there were no subsequent events.

#### ***Scientific and Technical Disclosure***

The scientific and technical information contained in this MD&A has been reviewed and approved by Ken MacDonald P.Geo, author of the Technical Report. Mr. MacDonald is a "qualified person" within the meaning of NI 43-101.