Scout Minerals Corp.
(an exploration-stage company)

Management's Discussion and Analysis
For the three months ended March 31, 2023

This Management's Discussion and Analysis ("MD&A") is dated as of May 23, 2023 and should be read in conjunction with the unaudited condensed interim consolidated financial statements of Scout Minerals Corp. (the "Company" or "Scout") for the three months ended March 31, 2023, and the related notes thereto, 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. The condensed interim consolidated 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.

The Company's 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.

The Company has begun exploration activities relating to McKinney and, expects to continue incurring expenditures toward satisfaction of the Expenditure Obligation in the coming months.

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.

<u>Financing the business</u>

Since incorporation on October 26, 2021, the Company has raised a total of $353,401 by issuances of the Company's common 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 common shares and common share purchase warrants ("Warrant") (the "Go Public Transaction") on the Canadian Securities Exchange (the "CSE") on July 14, 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 common 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 common 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 common shares issued and outstanding.

On July 14, 2022, the common shares were listed for trading on the CSE under symbol "SCTM", which is expected to provide greater opportunities to raise capital from a larger group of prospective investors.

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 / issuing to 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 Go Public Transaction: $ 75,000
- on the 36-month anniversary of the Go Public Transaction: $ 100,000

Share Payments

- on the 12-month anniversary of the Go Public Transaction 250,000 Common shares
- on the 24-month anniversary of the Go Public Transaction 350,000 Common shares
- on the 36-month anniversary of the Go Public Transaction 500,000 Common shares

The option agreement was subsequently amended in an extension letter dated January 26, 2023, to extend the date of the 12-month anniversary of the Go Public Transaction to June 30, 2023, thus extending the deadline of the payment of $50,000 and the issuance of 250,000 common shares to June 30, 2023. As consideration for the foregoing amendments, the Optionee agreed to pay the Optionor $5,000 within 30 days of acceptance of the extension letter.

Satisfaction of the Option Agreement 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 (completed); 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 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 Option Agreement, the Optionor will retain a 2% net smelter returns royalty interest ("NSR") on the property, of which the Company will have the right at any time, to repurchase half the NSR (or 1%), for $1,000,000.

As of March 31, 2023, the following cash payments had been capitalized relating to the acquisition of McKinney.

Acquisition costs		
Balance, December 31, 2021	$	-
Acquisition cost payment		17,500
Go Public Transaction milestone payment		45,000
Balance, December 31, 2022	$	62,500
Extension letter acceptance fee		5,000
Acquisition costs paid at March 31, 2023	$	67,500

It is the Company's policy to expense exploration and evaluation expenditures in the condensed interim consolidated statements of loss and comprehensive loss. There were no exploration and evaluation expenditures during the three months ended March 31, 2023 and 2022.

The 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. On November 15, 2022, the Company announced the completion of field work in the phase 1 program at the North McKinney exploration property.

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.

Selected Financial Information

Management is responsible for the condensed interim consolidated 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 the Company approved the condensed interim consolidated financial statements and this MD&A.

Our significant accounting policies are presented in Note 3 of the audited consolidated financial statements for the year ended December 31, 2022; we followed these accounting policies consistently throughout the period. Details of new accounting standards issued but not yet effective are also found in Note 3 of the audited consolidated financial statements for the year ended December 31, 2022. 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 the Company 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 Condensed interim consolidated 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 the Company as at each of the noted periods ended, which information has been derived from and should be read in conjunction with the condensed interim consolidated financial statements.

		For the three months ended March 31, 2023		For the three months ended March 31, 2022
Total revenue	$	-	$	-
Net loss and comprehensive loss		(106,042)		(16,695)
Basic and diluted loss per share		(0.01)		(0.00)
Total assets		167,640		348,455
Total non-current financial liabilities	$	-	$	-

The Company is in its early stages of operations and does not generate any revenue yet.

The composition of net loss and comprehensive loss for the three months ended March 31, 2023 and for the three months ended March 31, 2022 is detailed below in "Discussion of Operations".

Total assets as at March 31, 2023 decreased to $167,640 from $236,047 as at December 31, 2022. The decrease in total assets of $68,407 is primarily due to a decrease in cash of $155,897, which is primarily attributable to cash used in operations. The decrease in cash was partially offset by an increase in prepaid expenses of $78,845 during the three months ended March 31, 2023.

Discussion of Operations

For the three months ended March 31, 2023 compared to the three months ended March 31, 2022

The Company incurred a net loss and comprehensive loss during the three months ended March 31, 2023 of $106,042 compared to a net loss and comprehensive loss of $16,695 during the three months ended March 31, 2022. The increase in net loss and comprehensive loss is primarily attributable to an increase in professional fees during the three months ended March 31, 2023. Additionally, investor relations, transfer agent fees and management fees were incurred during the three months ended March 31, 2023, while these were not incurred during the comparative period.

The expenses incurred by the Company are as follows:

		For the three months ended March 31, 2023		For the three months ended March 31, 2022
Operating Expenses				
Professional fees	$	75,978	$	5,000
Consulting fees		9,581		-
Investor relations		8,732		-
Management fees		6,800		-
Transfer agent fees		2,850		-
Listing and filing fees		2,325		5,000
Share-based compensation		378		2,640
Amalgamation expense		-		4,000
Administrative expense		327		55
Total operating expenses		**(106,971)**		**(16,695)**
Interest income		667		-
Reversal of share-based compensation		598		-
Foreign exchange loss		(336)		-
Net loss and comprehensive loss	**$**	**(106,042)**	**$**	**(16,695)**

Professional fees consist of legal fees and accounting fees incurred during the three months ended March 31, 2023. Professional fees incurred during the three months ended March 31, 2022 relates to accounting fees and audit fees.

Consulting fees relates to services performed by a consultant and a director of the Company during the three months ended March 31, 2023. No such services were performed during the three months ended March 31, 2022.

Investor relations relates to a marketing campaign that commenced in March 2023 to heighten market awareness and broaden the Company's reach throughout the investment community. No such services were performed during the three months ended March 31, 2022.

Management fees incurred during the three months ended March 31, 2023, relate to the salary of the President and Chief Executive Officer ("CEO") and the recently appointed Chief Financial Officer ("CFO") of the Company. No such fees were incurred during the three months ended March 31, 2022.

Transfer agent fees during the three months ended March 31, 2023, relate to services provided by the transfer agent. No such fees were incurred during the three months ended March 31, 2022.

Listing and filing fees during the three months ended March 31, 2023 relate to CSE listing fees. Listing and filing fees during the three months ended March 31, 2022 relate to CSE listing application fees.

Share-based compensation during the three months ended March 31, 2023 relates to the vesting of 20,000 options that were previously issued to the former Chief Financial Officer ("CFO"), which were granted on August 24, 2022. Share-based compensation during the three months ended March 31, 2022 relates to the grant of 50,000 stock options granted to certain directors of the Company on February 15, 2022.

Amalgamation expense relates to the value attributed to 200,000 common shares issued by the Company pursuant to the Amalgamation during the three months ended March 31, 2022. There was no such expense during the three months ended March 31, 2023.

Administrative expense incurred during the tree months ended March 31, 2023 relates to bank charges and office expenses. Administrative expense incurred during the three months ended March 31, 2022 relates to bank charges.

Interest income relates to interest earned on the redemption of a Guaranteed Investment Certificate ("GIC") during the three months ended March 31, 2023. No such interest was earned during the three months ended March 31, 2022.

Reversal of share-based compensation during the three months ended March 31, 2023 relates to the forfeiture of 20,000 stock options by the former CFO upon their resignation on February 23, 2023. No such reversal of share-based compensation was recorded during the three months ended March 31, 2022.

Foreign exchange loss during the three months ended March 31, 2023 was incurred due to the Company incurring certain prepaid expenditures in US dollars ("USD") along with fluctuations in the exchange rate between the USD and Canadian dollar ("CAD"). No such losses were incurred during the three months ended March 31, 2022.

Summary of Quarterly Results

For the three months ended,	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	For the period from Incorporation on October 26, 2021 to December 31, 2021
Total revenue	$ -	$ -	$ -	$ -	$ -	$ -
Net loss and comprehensive loss	$ (106,042)	$ (76,904)	$ (58,056)	$ (37,955)	$ (16,695)	$ (5,016)
Basic and diluted loss per share	$ (0.01)	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

The Company's net loss and comprehensive loss increased by $29,138 during the three months ended March 31, 2023 as compared to the previous quarter. The increase is primarily due to a $42,694 increase in professional fees which mainly relates to legal fees incurred along with a $16,533 increase in listing and filing fees which is mainly due to the reclassification of legal fees from listing and filing fees to professional fees during the previous quarter, a $9,581 increase in consulting fees, a $8,732 increase in investor relations, and a $6,800 increase in management fees relating to salaries for the President and CEO and recently appointed CFO. The increase in net loss and comprehensive loss was partially offset by a $54,361 decrease in exploration and evaluation expenditures during the three months ended March 31, 2023.

The Company's net loss and comprehensive loss increased by $18,848 during the three months ended December 31, 2022 as compared to the previous quarter. The increase is primarily due to a $33,284 increase in professional fees relating to the reclassification of legal fees which were previously classified to listing and filing fees along with audit fees incurred in relation to the December 31, 2022 year end audit which is partially offset by a $18,494 decrease in listing and filing fees due to the reclassification of legal fees from listing and filing fees to professional fees.

The Company's net loss and comprehensive loss increased by $20,101 during the three months ended September 30, 2022 as compared to the previous quarter. The increase is primarily due to a $51,359 increase in exploration and evaluation expenditures as the Company commenced its exploration program on the McKinney Property. This increase in net loss and comprehensive loss is partially offset by a $32,381 decrease in listing and filing fees as the Company listed on the CSE on July 4, 2022, which was at the beginning of the quarter ended September 30, 2022.

The Company's net loss and comprehensive loss increased by $21,260 during the three months ended June 30, 2022 as compared to the previous quarter. The increase is primarily due to a $31,667 increase in listing and filing fees as the Company was focused on obtaining its listing on the CSE during the quarter. The increase in net loss and comprehensive loss is partially offset by a $4,000 decrease in amalgamation expense which was incurred during the previous quarter along with a $3,825 decrease in professional fees and a $2,640 decrease in share-based compensation as there were no stock options issued during the quarter.

The Company's net loss and comprehensive loss increased by $11,679 during the three months ended March 31, 2022 as compared to the year ended December 31, 2022. The increase is primarily due to a $5,000 increase in listing and filing fees as the Company commenced its application process for its CSE listing, a $4,000 increase in amalgamation fees in relation to the issuance of 200,000 common shares during its amalgamation, and a $2,640 increase in share-based compensation as the Company issued 50,000 stock options during the quarter to certain directors of the Company.

Liquidity and Capital Resources

During the three months ended March 31, 2023, net cash used in operating activities was $150,897, which consists of net loss of $106,042, an increase in prepaid expenses of $78,845, an increase in other receivables of $3,645, and a reversal of share-based compensation of $598. This is partially offset by an increase in accounts payable and accrued liabilities of $37,855 along with share-based compensation of $378. During the three months ended March 31, 2022, net cash used in operating activities was $5,312 which consisted of net loss of $16,695 and an increase in other receivables of $375, which is partially offset by an increase in accounts payable and accrued liabilities of $5,118, share-based compensation of $2,640 and amalgamation expense of $4,000.

During the three months ended March 31, 2023, net cash used in investing activities was $5,000, which related to the payment incurred for the extension letter relating to the McKinney Property. The net cash used in investing activities for the three months ended March 31, 2022, was $17,500, which related to option payments incurred on the McKinney Property.

There was no cash used in or provided by financing activities during the three months ended March 31, 2023. Net cash provided by financing activities was $156,301 during the three months ended March 31, 2022, which relates to the issuance of special warrants.

As at March 31, 2023, the Company had an accumulated deficit of $300,668 (December 31, 2022 - $194,626), a working capital deficit of $5,941 (December 31, 2022 – surplus of $105,321) and cash of $17,650 (December 31, 2022 - $173,547). The Company does not have any commitments for capital expenditures.

The Company 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 common shares to finance its business. The completion of the Go Public Transaction, and the recent closing of the Special Warrant and private placement financings provides the Company with sufficient cash to satisfy working capital requirements and undertake planned exploration activities on the McKinney Property.

Going Concern

The condensed interim consolidated financial statements have been prepared on a going concern basis that contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future. These condensed interim consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

At March 31, 2023, the Company had an accumulated deficit of $300,668 (December 31, 2022 - $194,626) and working capital deficit of $5,941 (December 31, 2022 – surplus of $105,321). The Company has not generated any revenues or cash flows from operations since inception and does not expect to do so for the foreseeable future.

The Company's continuation as a going concern depends on its ability to successfully raise capital. 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 acceptable to the Company; therefore giving rise to a material uncertainty, which may cast significant doubt as to whether the Company's cash resources and working capital will be sufficient to enable the Company to continue as a going concern for the 12-month period after the date of these condensed interim consolidated financial statements. Consequently, management is pursuing various financing alternatives to fund operations and advance its business plan. To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company may determine to reduce the level of activity and expenditures to preserve working capital and alleviate any going concern risk.

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Equity Issuances and Outstanding Share Data

As of March 31, 2023, the Company has one class of outstanding common shares, without par value.

There were 14,982,997 common shares, 11,282,999 warrants and 110,000 stock options issued and outstanding as at March 31 2023. At the date of this MD&A, there were 17,436,310 common shares, 8,829,686 warrants and 110,000 stock options issued and outstanding. As at March 31, 2023 and the date of this MD&A, 137,062 common shares, and 90,000 warrants were held in escrow.

Common Share Issuances

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. ("1341715"), a wholly-owned subsidiary of the Company incorporated on January 7, 2022. 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 common share of the Company 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 common 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 common shares 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.

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.

The Company may also enter into normal course agreements with various service providers and vendors relating to the Company's business. Certain of these agreements may also provide for ongoing services which extend beyond a particular financial statement reporting period. As of the date of this MD&A, the Company has one such agreement, pertaining to the planned and budgeted exploration program at McKinney.

Off Balance Sheet Arrangements and Legal Matters

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

Transactions with Related Parties

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All amounts either due from or due to related parties, other than specifically disclosed, are non-interest bearing, unsecured, and have no fixed terms of repayments.

During the three months ended March 31, 2023, the Company incurred management fees of $5,000 for the President and Chief Executive Officer ("CEO"), $1,800 for the Chief Financial Officer ("CFO"), and $3,581 for consulting fees provided by a director of the Company. During the three months ended March 31, 2022, the Company incurred $2,500 of bookkeeping services performed by the former CFO of the Company.

At March 31, 2023, the Company owed $10,631 (December 31, 2022 - $Nil) to related parties for management fees and consulting fees.

On February 23, 2023, the former CFO of the Company resigned and forfeited 20,000 Options while their remaining 60,000 Options will forfeit on May 24, 2023, 90 days after their resignation. The Company recognized share-based compensation of $378 in relation to the vesting of the 60,000 Options during the three months ended March 31, 2023. The Company also recognized a reversal of share-based compensation of $598 in relation to the forfeiture of 20,000 Options issued to the former CFO during the three months ended March 31, 2023.

During the three months ended March 31, 2022, the Company recognized $2,640 of share-based compensation in relation to 50,000 Options issued to directors of the Company which vested immediately.

During the three months ended March 31, 2022, the Company issued 60,000 special warrants to directors and officers of the Company for gross proceeds of $3,000.

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 agreement which would change our plans.

Refer to "*Events after the Reporting Period"*, in this MD&A for additional details of proposed transactions.

Critical Accounting Estimates

When preparing the condensed interim consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the condensed interim consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's audited consolidated financial statements for the year ended December 31, 2022.

Changes in Accounting Policies and New Accounting Pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

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 the Company 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
Accounts payable and accrued liabilities	Amortized cost

Risks Associated with Financial Instruments

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's financial instruments consist of cash and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted.

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 March 31, 2023, the balance of cash held on deposit was $17,650. 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 accounts payable 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 dated June 20, 2022 filed on SEDAR. 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.

Events after the Reporting Period

On April 6, 2023, the Company entered into a claims sale agreement (the "Claims Sale Agreement") to acquire 100% of a large-scale land package prospective for spodumene-bearing lithium pegmatites in Northern Quebec's under-explored Nunavik region which hosts two operating nickel mines. The Company's plan is to carry out an extensive near-term exploration program that includes drill testing of high priority targets over the coming months given abundant outcrop including many mapped pegmatites over 1,408 sq. km of Scout's leading Nunavik land position.

The Agreement includes the acquisition of large strategic claim blocks in three areas of Nunavik never previously recognized for the potential of hosting high-grade lithium mineralization. Nunavik comprises more than one-third of Quebec, underscoring the scale potential of this geologically rich part of the province.

The Nunavik Lithium projects include:

- **Raglan West District** - 443 sq. km claim block beginning 33 km southwest of the community of Salluit which has year-round airport access and a seasonal port for barge landing;
- **Raglan South District** - 229 sq. km claim block which contains 12.3% of the 99.96 percentile lithium samples in lake sediments in the Quebec government data base (7 widely spaced samples out of the top 57 samples in the province's entire data base) that contain >60 ppm Li), approximately 80 km southwest of the Raglan Nickel Mine;
- **New Leaf District** - 736 sq. km covering multiple claim blocks in areas of overlapping geochemical and geophysical anomalies in favorable geology, 120 km southwest of the community of Tasiujaq and approximately 350 km south of Raglan South.

The Agreement also includes the acquisition of 333 sq. km in the North Shore region of Quebec, also considered prospective for spodumene-bearing lithium pegmatites. In total, including the Nunavik properties, the Agreement comprises 3,819 active claims and 21 pending claims covering approximately 172,681 hectares.

The Company is purchasing the above-mentioned claims from Shawn Ryan and Syndicate in exchange for $1,200,000 in cash, 8,000,000 common shares of the Company (the "**Consideration Shares**"), and the grant of a 1% net smelter return (NSR) royalty. The Consideration Shares will be subject to an escrow arrangement whereby one-third (1/3) of the Consideration Shares will be released from escrow every six (6) months after the closing of the Agreement ("**Closing**"), with the first such release date to occur on the date that is six months from Closing. The Agreement is subject to customary closing conditions. Closing was originally expected to occur on or about May 5, 2023 and was later extended to May 31, 2023.

In connection with the above agreement, the Company intends to complete a non-brokered private placement financing (the "**Concurrent Financing**"). On April 17, 2023, the Company updated the terms of the concurrent private placement originally defined in a news release on April 13, 2023. The updated terms describe a non-brokered private placement in one or more tranches of:

(i) up to 2,307,692 Quebec super flow-through subscription receipts of the Company (the "**Super FT Subscription Receipts**"), at a price of $0.65 per Super FT Subscription Receipt for gross proceeds of approximately $1,500,000;

(ii) up to 2,500,000 flow-through subscription receipts of the Company (the "**FT Subscription Receipts**"), at a price of $0.60 per FT Subscription Receipt for gross proceeds of approximately $1,500,000;

(iii) up to 10,000,000 non-flow-through subscription receipts of the Company (the "**Non-FT Subscription Receipts**"), at a price of $0.50 per Non-FT Subscription Receipt for gross proceeds of $5,000,000 (collectively, the "**Offering**").

Proceeds of the Concurrent Financing will be held in escrow, pending the completion of the Acquisition (the "**Condition Precedent**"). Upon satisfaction of the Condition Precedent, each:

(i) Super FT Subscription Receipt will be automatically converted into one unit of the Company comprising one common share in the capital of the Company that qualifies as a "flow-through share" as defined in the Income Tax Act (Canada) and one-half of one flow-through common share purchase warrant that qualifies as a "flow-through share" as defined in the Income Tax Act (Canada) (each whole flow-through common share purchase warrant, a "**Super FT Warrant**"), with each Super FT Warrant entitling the holder to purchase one common share in the capital of the Company (a "**Super FT Warrant Share**") at a price of $0.85 per Super FT Warrant Share for a period of two years after the date of issuance;

(ii) FT Subscription Receipt will be automatically converted into one unit of the Company comprising one common share in the capital of the Company that qualifies as a "flow-through share" as defined in the Income Tax Act (Canada) and one-half of one flowthrough common share purchase warrant that qualifies as a "flow-through share" as defined in the Income Tax Act (Canada) (each whole flow-through common share purchase warrant, a "**FT Warrant**"), with each FT Warrant entitling the holder to purchase one common share in the capital of the Company (a "**FT Warrant Share**") at a price of $0.85 per FT Warrant Share for a period of two years after the date of issuance; and

(iii) each Non-FT Subscription Receipt will be automatically converted into one unit of the Company comprising one common share in the capital of the Company and one-half of one common share purchase warrant (each whole common share purchase warrant, a "**Non-FT Warrant**"), with each Non-FT Warrant entitling the holder to purchase one common share (a "**Non-FT Warrant Share**") at a price of $0.75 per Non-FT Warrant Share for a period of two years after the date of issuance. The proceeds of the Offering, upon satisfaction of the Condition Precedent, will be used for qualified expenditures in respect of the claims to be acquired pursuant to the Acquisition and general working capital.

On April 21, 2023, 1,803,313 warrants were exercised for gross proceeds of $183,074.

On April 27, 2023, 500,000 warrants were exercised for gross proceeds of $50,000.

On May 16, 2023, 150,000 warrants were exercised for gross proceeds of $22,500.

Scientific and Technical Disclosure

The scientific and technical information contained in this MD&A related to the North McKinney exploration property only 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. The scientific and technical information contained in this MD&A related to the Nunavik Lithium Projects only has been reviewed and approved by Afzaal Pirzada P. Geo., who is a "qualified person" within the meaning of NI 43-101.