

# **SASQUATCH RESOURCES CORP.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the quarter ended October 31, 2022

Dated December 16, 2022

**Sasquatch Resources Corp.**  
**Management's Discussion and Analysis**  
**For the quarter ended October 31, 2022**

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the unaudited interim condensed financial statements of Sasquatch Resources Corp. (formerly Scenc Resources Corp.) ("Sasquatch" or the "Company") and the notes thereto for the three and six months ended October 31, 2022 (collectively referred to hereafter as the "financial statements"). The following MD&A of the financial condition and results of operations of the Company has been prepared by management and should be read in conjunction with the Company's unaudited interim financial statements for the three and six months ended October 31, 2022. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All amounts are expressed in Canadian dollars unless otherwise stated. Other information contained in this document has also been prepared by management and is consistent with the data contained in the financial statements.

The Company's certifying officers are responsible for ensuring that the financial statements and MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's certifying officers certify that the financial statements together with the other financial information included in the filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company as of the date of and for the periods presented in the filings.

The Company's Audit Committee and the Board of Directors provide an oversight role with respect to all public financial disclosures by the Company. The Board of Directors approves the financial statements and MD&A after the completion of its review and recommendation for approval by the Audit Committee, which meets periodically to review all financial reports, prior to filing.

The effective date of this MD&A is December 16, 2022 (the "MD&A Date").

### **Forward Looking Statements**

Certain statements contained in this document constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to risks associated with: geological risks; limited operating history; inability to generate earnings or pay dividends for the foreseeable future; no current assets other than cash and prepaid expenses; uncertain ability to raise additional funds when required; reliance on a small number of key managers lacking backup; potential conflicts of interest among directors and officers of the Company; lack of liquidity for shareholders of the Company; ability to secure needed permits, ability to physically access and work the Company's property assets due to poor weather, a potential lack of key contract personnel and services providers needed to execute elements of the Company's exploration plans, and market risk consisting of fluctuations in the Company's share price, metal prices, credit market conditions and investor appetite for early stage exploration companies. See "Risks and Uncertainties".

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Management provides forward-looking statements because they believe such statements deliver useful guidance and information to readers when considering their investment objectives. Though management believes such statements to be as accurate as possible in the context of the information available to management at the time in which they are made, management cautions readers that the guidance and information contained in such statements may rapidly be superseded by subsequent events. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments suggested by such forward-looking statement will be realized or, even if substantially realized, that they will have the expected results, or effects upon, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding business and operating strategies.

### **Description of the business**

The Company was incorporated on September 9, 2021 and focuses on the acquisition, exploration and evaluation of mineral properties. The Company has selected April 30 as its fiscal year end. The Company's registered and records office is 600-1090 West Georgia Street, Vancouver, BC, V6E 3V7.

Costs relating to the acquisition and claim maintenance of exploration and evaluation assets (including option payments and annual fees to maintain the property in good standing) are capitalized and deferred by property until the project to which they relate is sold, abandoned, impaired or placed into production.

The Company expenses all exploration, evaluation and development expenditures until management concludes that a future economic benefit is more likely than not to be realized. The Company has no operating cash flow and its level of expenditures is dependent on the sale of debt and equity capital to finance its exploration operations. Therefore, it is difficult to identify any meaningful trends or develop an analysis from cash flows.

### **Mineral Property**

The Mount Sicker Property claims consist of a single contiguous block of 17 cell mineral claims covering 2,103 hectares situated within the Victoria Mining Division of British Columbia, Canada. On October 1, 2021 ("Mount Sicker Property Option Agreement"), and November 5, 2021 ("Tyee Property Option Agreement"), the Company entered into two option agreements, each with a director of the Company and 802213 Alberta Ltd. (collectively, the "Optionor"), whereby the Company was granted an exclusive option to acquire a 100% interest in 16 of the mineral claims making up the Mount Sicker Property. The remaining claim making up the property was acquired by the Company through staking.

Under the terms of the option agreements, the Company is required to issue 2,750,000 common shares, (of which 650,000 common shares have been issued as of October 31, 2022), in aggregate, and pay \$300,000 (of which \$60,000 has been paid to date), in aggregate, to the Optionor, and to incur \$250,000 in exploration expenditures on the property, in aggregate, all of which are to be paid, issued or incurred within three years of the agreement dates.

Per the terms of the Mount Sicker Property Option Agreement, the Company is required to grant to each of the two Optionors a 1.0% Net Smelter Returns ("NSR") royalty on the 15 claims covered by the agreement. The Company has the option to repurchase one-half of the NSR from each of the two Optionors by paying \$1,000,000 to each party at any time prior to the commencement of commercial production on the property.

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Per the terms of the Tye Property Option Agreement, the Company is required to grant to each of the two Optionors a 1.0% NSR royalty on the 1 claim covered by the agreement. The Company has the option to repurchase one-half of the NSR from each of the two Optionors by issuing 250,000 common shares to each party at any time prior to commencement of commercial production on the property.

On September 16, 2022, the Company acquired two additional mineral claims covering 1,232.13 hectares adjacent to the Company's Mount Sicker Property pursuant to an asset purchase agreement with 911 Mining Co., a related party, owned by a director of the Company. As consideration for the claims, the Company paid \$2,528.40, representing a reimbursement of costs to select the claims.

On September 16, 2022, the Company received the transfer of one mineral claim comprising the Mount Sicker Property that had been held on behalf of the Company through a bare trustee. As consideration for the claim, the Company paid the bare trustee \$520.72, representing a reimbursement of the cost to select the claim.

For the quarter ended October 31, 2022, the Company had \$15,856 of exploration and evaluation costs on the property broken down as follows:

- \$18,212 on mapping activities and airborne survey expenses
- \$693 on claim staking activities and related expenses
- \$(3,049) of costs previously incurred for claim staking activities and related expenses were reclassified to Exploration and Evaluation assets on September 16, 2022, in relation to the additional mineral claims transferred to the Company.

From inception on September 9, 2021, to April 30, 2022, the Company had \$84,223 of exploration and evaluation costs on the property broken down as follows:

- \$21,669 on geophysical ground surveys
- \$31,691 on drilling, prospecting, exploration, core analysis and sample logging
- \$11,152 on geological consulting services, field mapping and report preparation
- \$19,711 on mineral exploration consulting services and geological reports

The Company's future plans include continued exploration and evaluation on the Mount Sicker Property and completing the minimum exploration expenditures before October 1, 2024, and to follow the recommendations made in the independent geographic report which outlines ongoing, systematic and phased modern exploration work of approximately \$150,000.

### **Liquidity and Capital Resources**

The Company is in the exploration stage and therefore has no cash flow from operations. Its only source of funds since incorporation has been from the sale of common shares. During the year ended April 30, 2022, the Company raised \$726,538 from the sale of common shares. During the six months ended October 31, 2022, the Company received the \$113,862 owed to the Company as a subscription receivable, fully extinguishing the amounts owed.

As at October 31, 2022, current assets were \$536,736 and current liabilities were \$15,553, resulting in working capital of \$521,183. As at October 31, 2022, the Company had total assets of \$629,455 which is comprised of \$516,344 of cash, GST/HST receivable of \$9,992, prepaid expense of \$10,400 and exploration and evaluation assets of \$92,719.

The Company is in the process of exploring mineral claims. The Company has not yet determined whether or when the claims could be economically viable.

The Company's has certain requirements including commitments for capital expenditures, property payments and to maintain the capacity to meet the Company's planned operations. In relation to the Company's mineral property, the Company must incur minimum exploration expenditures of \$250,000 on

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or before October 1, 2024, as well as property payments of \$285,000 by November 5, 2024, as well as funding annual operational expenses of approximately \$162,000 per year.

While the information in the financial statements has been prepared in accordance with IFRS on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future, there are conditions and events that cast significant doubt on the validity of this presumption. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing to fund minimum exploration expenditures, complete property payments and fund operational expenses. While the Company is making its best efforts in this regard, the outcome of these matters cannot be predicted at this time.

**Selected Annual Information**

The following table sets forth summary financial information for the Company for the period ended April 30, 2022. This information has been summarized from the Company's audited financial statements prepared in accordance with IFRS for the same period and should only be read in conjunction with the Company's audited financial statements, including the notes thereto.

	233-day Period ended 30-Apr-22 (\$)
Total assets	650,003
Exploration and evaluation expenses	84,223
General and administrative expenses	3,653
Professional fees	16,580
Share-based payments	17,449
Net loss	122,293
Basic and diluted loss per share <sup>(1)</sup>	(0.01)

(1) Based on weighted average number of common shares issued and outstanding for the period.

**Results of Operations – October 31, 2022**

Second Quarter ending October 31, 2022

The Company incurred a net loss of \$119,677 for the quarter ended October 31, 2022. Total expenses for the period were \$119,677, of which \$15,856 was exploration and evaluation expenses, \$37,650 was general and administrative costs, and \$66,171 was incurred as professional fees.

Net cash flows used by operating activities was \$171,839, net cash used by investing activities was \$48,094 and net cash provided by financing activities was \$113,862.

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**Summary of Quarterly Results**

The following financial data was derived from the Company's financial statements for each of the quarters below:

		October 31, 2022	July 31, 2022	April 30, 2022	January 31, 2022	October 31, 2021*
Revenues	\$	-	-	-	-	-
Net loss and comprehensive loss	\$	(119,677)	(85,643)	(38,252)	(78,710)	(4,943)
Net loss per share - basic and diluted	\$	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)
Weighted average number of shares outstanding		17,535,522	17,454,000	11,270,270	11,191,304	5,110,577

\*52-day period ended October 31, 2021

**Disclosure of Outstanding Security Data**

As of October 31, 2022, the Company had 17,704,000 common shares issued and outstanding. As of the date of this financial statements, the Company has 17,904,000 common shares issued and outstanding.

**Stock Options**

The Company has a stock option plan (the "Plan") available to directors, employees and consultants with grants under the Plan approved from time to time by the Board of Directors. Under the plan the Company is authorized to issue options to purchase an aggregate of up to 20% of the Company issued and outstanding shares. Each option can be exercised to acquire one common share of the Company. The exercise price for an option granted under the Plan may not be less than the market price at the date of grant.

On November 18, 2021, the Company granted 1,120,000 stock options with a ten-year term at an exercise price of \$0.10 per share and may be exercised at any time from the grant date through to the expiry date.

On May 12, 2022, the Company granted 600,000 stock options with a ten-year term at an exercise price of \$0.10 per share and may be exercised at any time from the grant date through to the expiry date.

Options to purchase common shares have been granted to directors, employees and consultants as follows:

Exercise Price	Expiry Date	September 9, 2021	Granted	Exercised	Expired	October 31, 2022
\$ 0.10	11/18/2031	-	1,120,000	-	-	1,120,000
\$ 0.10	05/12/2032	-	600,000	-	-	600,000
Total outstanding		-	1,720,000	-	-	1,720,000
Total exercisable		-	1,720,000	-	-	1,720,000

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The following is a summary of stock option activity from September 9, 2021 to October 31, 2022:

	Number of options	Weighted Average Exercise Price (\$)
Balance outstanding at September 9, 2021	-	-
Issued	1,120,000	0.10
Balance outstanding at April 30, 2022	1,120,000	0.10
Issued	600,000	0.10
Balance outstanding at October 31, 2022	1,720,000	0.10

The Company has recorded a total of \$54,041 as stock-based compensation expense, being the fair value of the options vested during the period ended October 31, 2022. The fair value of the options has been estimated at the date of grant using the Black-Scholes pricing model with the following weighted average assumptions:

	31-Oct-22
Risk-free interest rate (average)	2.7%
Estimated volatility (average)	100%
Expected life in years	10
Expected dividend yield	0.00%
Estimated forfeitures	0.00%
Grant date fair value per option	\$0.09

Option pricing models require the use of highly subjective estimates and assumptions. The expected volatility assumption is based on the historical and implied volatility of the Company's common share price. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model.

As of October 31, 2022, the weighted average remaining life of the 1,720,000 stock options outstanding was 9.23 years.

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

The carrying values of cash and accounts payable approximate their fair values because of the short-term maturity of these financial instruments.

#### **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements and does not contemplate having them in the foreseeable future.

#### **Use of Estimates**

Preparing financial statements requires management to make estimates and assumptions that affect the reported results. The estimates are based on historical experience and other assumptions believed to be reasonable under the circumstances. Critical accounting policies are disclosed in the annual audited financial statements for the year ended April 30, 2022.

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**Transactions between Related Parties**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and Corporate Officers.

The Company incurred the following related party transactions during the six months ended October 31, 2022:

	<b>Six months ended October 31, 2022</b>
	<b>\$</b>
Stock-based compensation	36,027
Consulting fees	19,000
Professional fees	54,000
<b>Total</b>	<b>109,027</b>

All transactions with related parties have occurred in the normal course of operations and have been measured at the exchange amount, which is the amount agreed to by the related parties.

During the six months ended October 31, 2022, the Company incurred \$19,000 (2021 – nil) of consulting fees with the Chief Executive Officer and Chief Financial Officer of the Company, and \$54,000 (2021 – nil) of professional fees were incurred by a law firm of which the Company's Corporate Secretary is a partner.

During the six months ended October 31, 2022 (2021 – nil), the Company incurred \$36,037 of stock-based compensation with directors and officers of the Company.

As at October 31, 2022, the Company had \$2,000 (2021 – nil) due to the Company's Chief Financial Officer, and \$5,000 (2021 – nil) due to the Company's Chief Executive Officer included in accounts payable and accrued liabilities. Interest is not charged on outstanding balances and there are no specific terms of repayment.

On October 1, 2022, the Company paid \$22,500 and issued 125,000 common shares to a company controlled by a director of the Company in connection with the Mount Sicker Property Option Agreement.

On September 16, 2022, the Company acquired two additional mineral claims covering 1,232.13 hectares adjacent to the Company's Mount Sicker Property pursuant to an asset purchase agreement with a company controlled by a director of the Company. As consideration for the claims, the Company paid \$2,528.40, representing a reimbursement of costs to select the claims.



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**Accounting Policies**

A detailed summary of all of the Company's significant accounting policies are disclosed in the annual audited financial statements for the year ended April 30, 2022.

**Risks and Uncertainties**

A thorough description of the risks associated with the Company's exploration and other business activities can be found in the Form 2A – Listing Statement dated September 1, 2022, and posted under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)) as of that date.

An investment in the Company's common shares is highly speculative and subject to very real risks and uncertainties, the occurrence of any one or more of which could have a material adverse effect on the value of any investment in the Company and the business, prospects, financial position or operating results of the Company. The risk factor listing noted below is in no particular order and is not an exhaustive list of all risk factors associated with an investment in the Company's common shares or in connection with the operations of the Company.

- Geological risk and the highly uncertain and speculative nature of mineral exploration
- Early-stage nature of the Company: i.e., a limited operating history and financial resources, no earnings, limited cash assets
- Lack of insurance against operating risks in the field and elsewhere
- Changes to government regulations, including environmental regulations
- Ability to secure and comply with government permits
- Reliance on a small number of key managers and experts and a lack of immediate backup or replacements
- Competition for key personnel and mineral properties
- Potential conflicts of interest among the Company's directors and/or officers
- Potential cost overruns and delays
- Timely availability of labour, contractors and key services
- Weather risks
- Property title disputes
- Metal price fluctuations
- Receptivity of capital markets to junior exploration projects
- Stock price volatility and lack of liquidity
- Litigation

Operational History

The Company has a limited operating history from which an evaluation of the Company and its current business, as well as its mineral property can be based. During the six months ended October 31, 2022, the Company had a net loss of \$205,320. During the period from inception, September 21, 2021, to April 30, 2022, the Company has a net loss of \$122,293.

The Company is an exploration stage company and there are known certainties that a commercially viable deposit or reserve on the Mount Sicker Property. If the Company does not find any commercially viable deposits or reserves on the Mount Sicker, or any future acquired properties, the financial condition and results of operations will be materially adversely affected.

Future Commitments

The Company may need to raise additional capital through the offering of debt or equity, or other financing opportunities. In particular, the Company may not have sufficient funds to complete the recommended exploration program on the Mount Sicker Property, fund the minimum expenditure

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requirements on the property, complete the specified property payments, and also fund future operational expenditures. There are no assurances that the Company would be able to raise additional capital, or to raise capital on economic terms beneficial to the Company. In addition, dependent on the type of capital raised, there could be dilution to the Company's common shares.

Fluctuations in Commodity Prices

Certain factors are beyond the Company's control in the macroeconomic environment, including the prices of commodities. Historically the price of commodities have fluctuated widely. The impact of price changes could materially affect the Company's future planned operations.

**Trends**

The Company monitors economic conditions and estimates any potential impact on the Company's operations and incorporates these estimates in short-term operating decisions and long-term strategic decisions. Recently, equity markets in the junior resource sector have shown signs of improvement, led by an increase in the price of commodities, with numerous financings being consummated, as well as increases in mergers and acquisitions in the sector. From a macroeconomic perspective, there has been uncertainty in the equity markets related to a variety of factors, including rising interest rates, inflation, and dynamic international political situations.

Apart from these and the risk factors noted under the heading "Risks and Uncertainties", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations. In addition, see "Forward Looking Statements" at the beginning of this MD&A.

**Global Pandemic**

In 2020, the global outbreak of coronavirus (COVID-19) resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company cannot be determined, but they could have a potential material impact to the Company's project exploration activities, cash flows and liquidity. Various restrictions on gatherings, work and access to remote communities near the Company's project may also impact the Company's ability to perform exploration activities at the project. Additional Information Additional information relating to the Company is available at [www.sedar.com](http://www.sedar.com)

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**Subsequent events**

On November 5, 2022, pursuant to the Tye Property Option Agreement dated as of November 5, 2021, the Company fulfilled its first-year option obligations by issued an aggregate of 200,000 common shares to the Optionors, of which 100,000 common shares were issued to a related party. The shares were issued in accordance with applicable securities laws at a price of \$0.09 per share and are subject to a four month hold period.