

# Rush Rare Metals Corp.

## Management's Discussion and Analysis For the three months ended September 30, 2023

*This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Company's audited consolidated financial statements of the Company for the three months ended September 30, 2023, and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless otherwise noted. This MD&A has been prepared as of November 27, 2023.*

### **COMPANY OVERVIEW**

Rush Rare Metals Corp. ("Rush" or the "Company") was incorporated on October 28, 2021, under the Business Corporations Act (British Columbia). The Company's registered and records office is located at #600 -1090 West Georgia Street, Vancouver, British Columbia.

The Company is an early-stage entity focused on exploration of mineral sites with a view of commercialization. The Company has acquired the rights to two mineral exploration properties, one within the Province of Québec in Canada and one within the State of Wyoming in the United States.

On January 26, 2023, the Company's shares began trading on the CSE under the stock symbol "RSH".

On January 25, 2023, the Company closed its initial public offering ("IPO"), issuing 7,670,000 common shares of the Company at a price of \$0.10 per common share for total gross proceeds of \$767,000. The Company paid cash commission of \$61,360, equal to 8% of the gross proceeds from the sale of the offered shares, as well as a cash advisory fee of \$15,000. The Company also issued 150,000 common shares of the Company with a fair value of \$15,000 as an IPO success fee to the initial public offering agent. The Company also issued 613,600 non-transferable common share purchase warrants each entitling the holder to acquire one common share of the Company at an exercise price of \$0.10 for 36 months following the closing date to the initial public offering agent. Legal fees of \$50,299 were also incurred as share issuance costs.

On August 23, 2022, the Company appointed Fabiana Lara, David Miller, Tony Ricci and Brad Newell to its board of directors.

On March 28, 2023, the Company appointed Nelson Lamb as Chief Financial Officer, replacing Jason Baybutt.

### **PRINCIPAL PROPERTIES**

#### **Boxi Property**

On November 8, 2021, the Company entered into an asset purchase agreement (the "Boxi Agreement") to acquire the rights, title and all interest in ten (10) mineral claims, covering an area of approximately 580 hectares, located in the Province of Québec (the "Boxi Property"). The Company subsequently augmented the Boxi Property by staking an additional 136 claims. The 141 mineral claims now, five having expired, comprising the Boxi Property cover approximately 8,824 hectares. An independent geological report titled "43-101 Technical Report on the BOXI REE-Nb-U Deposit" dated August 6, 2022 (the "Boxi Technical

Report”) prepared by Michel Jebrak, P. Geo., who is a “Qualified Person” as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Properties (“NI 43-101”), was completed in relation to the Boxi Property. The Boxi Technical Report recommends that the Company conduct a two-phase exploration program, focusing on rare earth elements and not uranium: Phase 1, having an estimated budget of \$200,700 and consisting of a magnetic survey, geological mapping and sample; and Phase 2, depending and contingent on the results of Phase 1, having an estimated budget of \$237,800 and consisting of a 1,200 metre diamond drilling program. The total estimated budget of Phase 1 and Phase 2 is \$438,500. The Company plans to follow recommendations made in the Boxi Technical Report.

#### Copper Mountain Property

On May 8, 2022, the Company entered into an assignment and assumption agreement (the “Copper Mountain Assignment Agreement”), pursuant to which the Company assumed the obligations as buyer under a project sale agreement dated as of April 8, 2022 (the “Copper Mountain Sale Agreement”) to purchase ten (10) mineral claims, covering an area of approximately 206.60 acres located in the State of Wyoming (the “Copper Mountain Property”). The Company subsequently augmented the Copper Mountain Property by staking an additional 100 claims. The 110 mineral claims now comprising the property cover approximately 1,911 acres. The Company intends to make the annual payment of US\$25,000 under the Copper Mountain Sale Agreement each year. An independent geological report titled “Technical Report on the Copper Mountain Uranium Project” dated March 24, 2023 (the “Copper Mountain Technical Report”) prepared by Harold J. Hutson, P.E., P.G., who is a “Qualified Person” as defined in NI 43-101, was completed in relation to the Copper Mountain Property. The Copper Mountain Technical Report recommends work in two phases. The first phase is comprised almost entirely of desktop research, specifically to track down and analyze historical drill logs from the area, if they can be found. The estimated cost for the first phase is US\$50,000, and the Company has already started the process of locating some of the historical drill data. Success with this phase will, in turn, inform the second phase which will involve drilling to confirm previous results. The Company plans to follow recommendations made in the Copper Mountain Technical Report.

#### *Subsequent to September 30, 2023*

On October 18, 2023, the Company entered into property option agreement (the “Option Agreement”) with Myriad Uranium Corp. (“Myriad”), for which Myriad has “the Option” to earn up to a 75% interest in and to the Company’s Copper Mountain project.

Under the Option Agreement, Myriad has the option to acquire an initial 50% interest in the Property by: (1) making an initial cash payment of \$100,000 (paid) to Rush and issuing 576,209 common shares (issued) of Myriad (each, a “Share”) to Rush on the date of execution (the “Effective Date”) of the Agreement; (2) making an additional cash payment of \$35,000 to Rush on the date which is 90 days from the Effective Date; (3) issuing an additional \$150,000 worth of Shares to Rush on the date which is one year from the Effective Date; (4) issuing an additional \$250,000 worth of Shares to Rush on the date which is two years from the Effective Date; and (5) within two years of the Effective Date, making expenditures of no less than \$1,500,000 on the Property. On successfully earning a 50% interest in the Property, Myriad will have the option to acquire an additional 25% interest (for a total interest of 75%) in the Property by making additional expenditures of no less than \$4,000,000 (for total expenditures of no less than \$5,500,000) on the Property within four years of the Effective Date. In addition, upon completion of a Preliminary Economic Assessment or Prefeasibility Study respecting the Property, Myriad shall be obligated to issue an additional \$2,500,000 worth of Shares to Rush.

Upon Myriad successfully earning a 50% or 75% interest in and to the Property, as the case may be, the parties will form a joint venture for the purposes of the continued exploration, development and exploitation of the Property and will negotiate, execute and deliver a joint venture agreement which shall include such terms and conditions normally provided for in commercial transactions of such nature that are mutually acceptable to the parties including without limitation: (i) the operator of the joint venture from time to time; (ii) Myriad's potential right to earn an additional 25% interest (for a total interest of 100%) in and to the Property at fair market value; and (iii) a 50% net profit interest held by Rush on the initial \$50,000,000 in net profits from the Property, following commencement of commercial production.

Any Shares issued under the Agreement will be subject to a four month hold period under applicable securities laws. The Shares issued as of the Effective Date are subject to a four month hold period expiring February 20, 2024. The value of any Shares issued under the Agreement following the Effective Date will be the value weighted average trading price of the Shares on the Canadian Securities Exchange (or such other Canadian stock exchange on which the Shares are trading at the applicable time) for the 10 trading days preceding the date on which such Shares are issued.

The Company and Myriad have a common CFO and a director of the Company is an advisor of Myriad.

## **OVERALL PERFORMANCE**

### *Three months ended September 30, 2023*

During the three months ended September 30, 2023, the Company recorded a net loss of \$154,641, or \$0.00 per share on a basic and diluted basis (the three months ended September 30, 2022 – net loss of \$146,689 or \$0.01 per share). Set out below is a summary of the financial results for the periods:

	<b>Three months ended</b>		<b>Three months ended</b>	
	<b>September 30, 2023</b>		<b>September 30, 2022</b>	
<b>Operating Expenses</b>				
Exploration and evaluation expenditure	\$	98,424	\$	198
Foreign exchange loss		959		1,575
General and administrative		39,618		9,320
Professional fees		15,640		37,573
Share-based payments		-		98,023
		<b>154,641</b>		<b>146,689</b>
<b>Net Loss and Comprehensive Loss for the period</b>	<b>\$</b>	<b>(154,641)</b>	<b>\$</b>	<b>(146,689)</b>
Loss per share - basic and diluted	\$	(0.00)	\$	(0.01)
Weighted Average Number of Common Shares Outstanding		37,496,087		28,257,609

Significant variances that contributed to the increased net loss were: exploration costs increase of \$98,226 related to expenditures and consulting on the Company's Copper Mountain assets, as well as an increase in general and administrative fees of \$31,298 due to increased operations and a decrease in professional fees of \$21,933 relating to non-recurring expenses incurred in the prior comparative period, and a decrease of \$98,023 related to share-based payment expense of the service cost of 2,000,000 stock options awarded during the three months ended September 30, 2022.

### **SELECTED ANNUAL INFORMATION**

The following table sets forth summary financial information for the Company for the period ended June 30, 2023, and 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.

	Year ended June 2023 (\$)	Period ended June 2022 (\$)
Total assets	995,317	702,225
Exploration and evaluation expenses	119,883	84,596
Foreign exchange loss	3,971	-
General and administrative expenses	131,689	1,103
Professional fees	132,332	32,156
Share-based payments	98,023	8,169
Travel expense	14,479	2,175
Net loss	(493,677)	(128,199)
Basic and diluted loss per share (1)	(0.02)	(0.01)

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

### **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

The Company has not had significant revenue since incorporation and as a result provides the following additional disclosures in accordance with NI 51-102 – 5.3 – *Additional disclosures for Venture Issuers without Significant Revenue*:

#### Mineral Property Interests

Set out below is a summary of the costs capitalized as mineral property interests as at and during the three months ended September 30, 2023:

	Boxi	Copper Mountain	Total
Balance, June 30, 2022	\$ 20,000	380,603	400,603
Additions	-	136,204	136,204
Balance, June 30, 2023	\$ 20,000	516,807	536,807
Additions	-	-	-
Balance, September 30, 2023	\$ 20,000	516,807	536,807

### Exploration and evaluation expenditures

Set out below is a summary of the costs recorded as exploration and evaluation expenditures during the three months ended September 30, 2023, and the three months ended September 30, 2022:

<b>Three months ended September 30, 2022</b>	<b>Boxi</b>	<b>Copper Mountain</b>	<b>Total</b>
Site survey costs	\$ 198	\$ -	\$ 198
	\$ 198	\$ -	\$ 198

<b>Three months ended September 30, 2023</b>	<b>Boxi</b>	<b>Copper Mountain</b>	<b>Total</b>
Technical reporting, consulting, exploration, and review	\$ 52,342	\$ 46,082	\$ 98,424
	\$ 52,342	\$ 46,082	\$ 98,424

### SUMMARY OF QUARTERLY RESULTS

	Three months ended September 30, 2023
Revenue	\$ -
Total comprehensive loss	(154,641)
Loss per share, basic and diluted	(0.00)
Total assets	857,666
Total liabilities	40,760

### LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated financial statements have been prepared in accordance with IFRS on the basis that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through forced liquidation.

The Company is currently an early-stage entity focused on exploration of mineral sites with a view of commercialization. As of September 30, 2023, the Company has acquired the rights to two mineral exploration properties within the Province of Québec in Canada and the State of Wyoming in the United States and may seek additional properties for acquisition in which the Company intends to commercialize.

### Sources and uses of cash

Set out below is a summary of the Company's cash flows for the three months ended September 30, 2023, and the three months ended September 30, 2022:

		Three months ended September 30, 2023		Three months ended September 30, 2022
Cash flows used in operating activities	\$	(120,342)	\$	(20,393)
Net increase in cash	\$	(120,342)	\$	(20,393)

Cash used in operating activities of \$120,342 during the three months ended September 30, 2023, was the result of a net loss of \$154,641, a decrease in other receivables of \$2,934, a decrease in prepaid expenses of \$14,375 and a decrease in accounts payable and accrued liabilities of \$16,990. Cash used in operating activities for the three months ended September 30, 2022, was the result of a net loss of \$146,689 offset by \$98,023 related to share-based payment expense of 2,000,000 stock options awarded and changes in working capital items of \$28,273.

### Funding requirements

The Company has not been profitable through September 30, 2023, and all of the Company's operations to date have been financed through the sale of common shares. The Company intends to seek additional financing through the issuance of debt or equity, which may be obtained through public or private financings. The Company will require additional financing to sustain its operations and achieve profitability.

### Working Capital

The Company's working capital at September 30, 2023, was \$280,099 compared to \$392,740 at June 30, 2022. The increase in working capital was the result of a decrease in cash of \$120,342, offset by changes in working capital items.

### **LIQUIDITY RISK**

The Company manages liquidity risk through maintaining sufficient cash to finance its operations and seeks financing through its current shareholders as well as new investors, when required. The Company may have a working capital deficiency within the next twelve months if it is unable to raise enough cash to finance its planned operations. If the Company has a working capital deficiency, it may be unable to pay its ongoing obligations as they become due, including the amounts payable under the Copper Mountain Sale Agreement (see "Contractual Obligations"). The Company intends on satisfying its continuing operating expenditures by using its existing cash on hand as well as proceeds from expected future financings. If financing is not available under terms acceptable to the Company or additional external factors, such as disruptions in capital markets, the Company's liquidity may be affected.

## **CONTRACTUAL OBLIGATIONS**

As of September 30, 2023, the Company had the following commitments:

- An annual payment of US\$25,000 to be divided equally between the vendors of the Copper Mountain Property, due on or before April 8<sup>th</sup> of each year (paid April 2023)
- A net smelter return (“NSR”) royalty on production of 2.5% (the “Royalty”) of the sales value on any yellowcake sourced on or from the project area.

## **OUTSTANDING SHARE CAPITAL**

The Company’s share capital at September 30, 2023 consisted of 37,670,000 common shares issued and outstanding.

- Upon incorporation, the Company issued one (1) common share at gross proceeds of \$0.01. The share was canceled on November 18, 2021.
- On November 8, 2021, the Company issued 1,000,000 common shares in exchange for the acquisition of the Boxi Property (Note 5(a)). Each share has an assessed value of \$0.02 per share reflecting the value of shares purchased during the period.
- During the period ended June 30, 2022, the Company received proceeds of \$395,000 upon the issuance of 19,750,000 common shares at a price of \$0.02 per share and proceeds of \$369,246 upon the issuance of 7,400,000 common shares at a price of \$0.05 per share.
- On September 20, 2022, the Company issued 900,000 shares and 900,000 warrants as a finders’ fee relating to the acquisition of the Copper Mountain Property (Note 5(b)).
- On January 25, 2023, the Company closed its initial public offering (“IPO”), issuing 7,670,000 common shares of the Company at a price of \$0.10 per common share for total gross proceeds of \$767,000 (Note 8). The Company paid cash commission of \$61,360, equal to 8% of the gross proceeds from the sale of the offered shares, as well as a cash advisory fee of \$15,000 and legal costs of \$50,299. The Company also issued 150,000 common shares of the Company with a fair value of \$15,000 as an IPO success fee to the initial public offering agent. The Company also issued 613,600 non-transferable common share purchase warrants each entitling the holder to acquire one common share of the Company at an exercise price of \$0.10 for 36 months following the closing date to the initial public offering agent. The fair value of the warrants was \$38,657. The fair value of the warrants issued were estimated using Black-Scholes Option Pricing Model (estimated risk-free rate of 2.99%, expected volatility of 100%, estimated dividend yield of 0%, expected life of 3 years and stock price at issuance of \$0.10)
- On July 21, 2023, the Company entered into a debt settlement agreement with a director of the Company, pursuant to which the Company issued 800,000 common shares of the Company to settle debt incurred for the provision of geological consulting services provided by the director to the Company totaling \$42,000.

*Subsequent to September 30, 2023*

- In October 2023, the Company issued 93,750 common shares to a director of the Company related to a consulting service agreement, to provide investor awareness services for a six-month period, valued at \$7,500.

## Options

As of September 30, 2023, the Company had 2,314,000 stock options outstanding with a weighted average remaining life of 8.82 years, and weighted average exercise price of \$0.10. As of the date of this filing, 2,314,000 stock options remain outstanding.

## Warrants

As of September 30, 2023, the Company had 1,513,600 warrants outstanding with a weighted average remaining life of 1.52 years, and weighted average exercise price of \$0.16. As of the date of this filing, 1,513,600 warrants remain outstanding.

## **RELATED PARTY TRANSACTIONS**

The Company's related parties include its Board of Directors, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), who are key management personnel, having the authority and responsibility for planning, directing and controlling the activities of the Company.

During the three months ended September 30, 2023, the Company entered into a debt settlement agreement with a director of the Company, pursuant to which the Company issued 800,000 common shares of the Company to settle debt incurred for the provision of geological consulting services provided by the director to the Company totalling \$42,000. During the three months ended September 30, 2023, the Company recorded consulting fees, included in exploration and evaluation expenses, of \$6,000 (2022 - \$nil) with the director of the Company.

During the three months ended September 30, 2023, the Company entered into a consulting service agreement with a director of the Company, to provide investor awareness services for a six-month period, for \$7,500 and the issuance of 93,750 common shares. The common shares were not yet issued as of September 30, 2023, and will be released per contractual lock-up at a rate of 15,625 share per month for a six-month period.

During the three months ended September 30, 2023, the Company recorded general and administrative fees of \$4,500 (2022 - \$4,320) to a close family member of the Company's CEO. As of September 30, 2023, there was no amounts payable to this individual (June 30, 2023 - \$nil).

During the three months ended September 30, 2023, the Company recorded general and administrative fees of \$10,000 to the Company's CEO (2022 - \$nil). As of September 30, 2023, there was no amounts payable to this individual (June 30, 2023 - \$nil).

During the three months ended September 30, 2023, the Company recorded general and administrative fees of \$7,500 to the Company's CFO (2022 - \$nil). As of September 30, 2023, there was \$2,500 (2022 - \$nil) payable to this entity, included in accounts payable.

Included within the NSR royalty (as later defined in Note 6) is a commitment payable to an entity 50% owned by a director of the Company. In accordance with the NSR royalty, 50% of all amounts payable as described in (Note 6) are payable to the entity.

The above transactions with related parties are in the normal course of business and have been measured at the exchange amount, which is the consideration agreed to between the related parties.



## **CRITICAL ACCOUNTING ESTIMATES**

The presentation of consolidated financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the Company's accounting policies to facilitate the reporting of the Company's assets, liabilities, and expenses during the period.

Estimates and related assumptions are reviewed regularly, on an ongoing basis, and revisions to such estimates are recognized prospectively in the period of revision.

Areas in which management has made critical judgment in the process of applying its accounting policies that have the most significant effect on the amounts recorded in the Company's consolidated financial statements include the determination of the Company's functional currency.

Information about key assumptions and estimation uncertainty that has a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities within the next financial year are referenced in the notes to the consolidated financial statements as follows:

- Estimates of the measurement, valuation and period of use of the Company's mineral property interests;
- Estimates of Black-Scholes Option Pricing Model inputs to estimate the value of the Companies share-based payment transactions; and
- Estimates and assessment of the recoverability of unused tax losses and deductible temporary differences.

The consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. If the Company is unable to continue as a going concern, it may be unable to realize the carrying value of its assets and meet its liabilities as they become due.

The Company is an early-stage entity focused on the exploration of mineral sites with a view of commercialization. The underlying value of the mineral property interests is entirely dependent on the presence of economically recoverable reserves and the ability to secure and maintain title and beneficial interest in the properties. Should the Company fail to commercialize any of its sites, its ability to obtain additional financing to sustain operations may become impaired.

During the three months ended September 30, 2023, the Company incurred a net loss of \$154,641, used \$120,342 in operating cash flows and has an accumulated deficit of \$776,517. These unaudited condensed consolidated financial statements do not include any adjustments that may be necessary and material in nature if the Company is unable to continue as a going concern.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements.

## **PROPOSED TRANSACTIONS**

The Company does not have any proposed transactions.

## **FINANCIAL INSTRUMENTS AND RISKS**

As at September 30	2023	2022
<b>Assets</b>		
Cash	\$ 297,761	\$ 219,712
Other receivables	15,320	6,223
Prepays	7,778	-
<b>Liabilities</b>		
Accounts payable	8,082	46,158
Accrued liabilities	\$ 32,678	\$ 38,107

The Company initially recognizes a financial asset on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Upon recognition of a financial asset, classification is made based on the business model for managing the asset and the asset's contractual cash flow characteristics. The financial asset is initially recognized at its fair value and subsequently classified and measured as (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). Financial assets are classified as FVTPL if they have not been classified as measured at amortized cost or FVOCI. Upon initial recognition of an equity instrument that is not held-for-trading, the Company may irrevocably designate the presentation of subsequent changes in the fair value of such equity instrument as FVTPL.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A non-derivative financial asset is measured at amortized cost when both of the following conditions are met: (i) the asset is held within a business model whose objective is to hold assets in order to collect the contractual cash flows; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are recognized initially at fair value plus any directly attributable transaction costs and measured at amortized cost using the effective interest method subsequent to initial recognition, loans and receivables are measured at amortized cost. The Company measures its GST/HST receivable as a financial asset measured at amortized cost.

A financial asset is measured at FVTPL unless it has been measured at amortized cost or designated as FVOCI. Financial assets measured at FVTPL are carried at fair value in the statements of financial position with changes in fair value recognized in profit or loss at the end of each reporting period. The Company measures its cash as a financial asset at FVTPL.

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. All financial liabilities are measured at amortized cost, except for financial liabilities measured at FVTPL. A financial liability may no longer be reclassified subsequent to initial

recognition. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or when they expire. The Company classifies its accounts payable and accrued liabilities as financial liabilities measured at amortized cost.

## **SUBSEQUENT EVENTS**

On October 16, 2023, the Company added over 50 claims to cover additional areas where surface mineralization has been observed and provide further buffer around a large, mineralized dyke running east to west through the Boxi Property at surface.

In October 2023, the Company issued 93,750 common shares to a director of the Company related to a consulting service agreement, to provide investor awareness services for a six-month period.

### **Copper Mountain Property**

On October 18, 2023, the Company entered into property option agreement (the “Option Agreement”) with Myriad Uranium Corp. (“Myriad”), under which Myriad has the option to earn up to a 75% interest in and to the Company’s Copper Mountain Property. Refer to the section **Principal Properties** above for further details.

## **RISKS AND UNCERTAINTIES**

The following risks described below are certain factors relating to the Company, but risks disclosed below do not represent all risks that the Company may encounter. Additional risks and uncertainties not currently known to the Company, as well as those that the Company deems immaterial may ultimately result in negative effects on the Company’s operations. If any such risks ultimately occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its plans may also be adversely affected.

### **Capital requirements**

Substantial additional funds for the establishment of the Company’s planned operations will be required. There are no assurances that can be given that the Company will be able to raise the additional funding that may be required to conduct such activities. To meet its funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also restrict the Company’s financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

### **Nature of the securities**

The Company’s securities involve a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company’s securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

### Financing risks and dilution to shareholders

The Company has limited financial resources and is not currently profitable. The Company will require additional financing and there is no assurance that the Company will be able to obtain adequate financing in the future or that financing will be available on acceptable terms. If the Company raises additional funds through equity financing, there will be dilution to the Company's existing shareholders.

### Economic conditions

Unfavourable economic conditions may impact the Company's financial viability as a result of increased financing costs and limited access to capital markets. Specifically, at the current time the Company is unable to measure the impacts of the war in Ukraine and other global conflicts.

### Dependence on management

The Company is highly dependent on the personal efforts and commitments of its existing management team.

### Litigation

The Company and/or its directors and officers may be subject to a variety of civil or other legal proceedings which may be with or without merit. As of the date of this filing, the Company is not aware of any civil or other legal proceedings related to its directors or officers.

### Dividends

The Company has not achieved profitability or paid any dividends since its incorporation and is unlikely to do so in the foreseeable future as a result of the Company's limited resources which are currently deployed in the Company's corporate and business development activities. The decision to pay dividends in the future will be at the discretion of the Company's Board of Directors and will be dependent on the Company's financial condition, results of operations, capital requirements and any other considerations deemed relevant by the Board of Directors.

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

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are necessary to make an appropriate determination of the measurement of certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements. In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted

under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

- A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.