# MANAGEMENT DISCUSSION FOR SHOWCASE MINERALS INC.
# FOR THE THREE MONTHS ENDED JANUARY 31, 2023
# PREPARED AS OF MARCH 31, 2023

## Background

*This discussion and analysis of financial position and results of operations is prepared as at March 31, 2023 and should be read in conjunction with the interim financial statements for the period ended January 31, 2023 and the audited financial statements for the fiscal year ended October 31, 2022 of Showcase Minerals Inc. ("Showcase" or the "Company"). The interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.*

## Cautionary Statement on Forward Looking Information

This Management's Discussion and Analysis may include forward-looking statements with respect to business plans, activities, prospects, opportunities and events anticipated or being pursued by the Company and the Company's future results. Although the Company believes the assumptions underlying such statements to be reasonable, any of the assumptions may prove to be incorrect. The anticipated results or events upon which current expectations are based may differ materially from actual results or events. Therefore, undue reliance should not be placed on such forward-looking information. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions in North America and internationally, (2) the uncertainty as to property development and exploration milestones, (3) the uncertainty as to the regulatory approval of the Company's properties, (4) the risk that the Company does not execute its business plan, (5) inability to retain key employees, (6) inability to finance exploration and growth, and (7) other factors beyond the Company's control.

Forward-looking statements speak only as of the date of this MD&A and actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based may not occur. The Company does not assume responsibility for the accuracy and completeness of the forward-looking statements set out in this MD&A and, subject to applicable securities laws, does not undertake any obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

## Overview

Showcase is engaged in the identification, acquisition, exploration and development of mineral projects.

The Company holds the exclusive option to acquire a 100% interest in the Dixie Flats claims, the North Star claims, and the Woodruff claims (collectively, the "Properties"), which are respectively subject to net smelters returns royalties ranging from 2.25% to 4.25%. The Dixie Flats claims and North Star claims are located approximately 21 miles south-southeast of the town of Elko, Elko County, Nevada. The Woodruff claims are located approximately 13 miles south of the town of Carlin, Elko County, Nevada. The Dixie Flats claims consist of 180 unpatented lode mining claims covering approximately 1,311 hectares; the North Star claims consist of 56 unpatented lode mining claims covering approximately 360 hectares; and the Woodruff claims are comprised of 18 unpatented lode mining claims covering 145.69 hectares.

Showcase commissioned and filed via SEDAR independent technical reports prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") with respect to both the Dixie Flats/North Star properties and the Woodruff property. During the quarter ended January 31, 2023, the Company commenced the Phase I exploration program on the Dixie Flats/North Star properties as recommended in the NI 43-101 report. The phase of exploration will consist of 3-D geologic modelling, followed by additional geological surveys and soil sampling. The Company may not be able to complete the soil sampling portion of the exploration program until April 2023 due to winter weather conditions in the vicinity of the property.

**Overall Performance**

Because Showcase is involved in the exploration of mineral properties without any known economic quantities of mineralization, it has not generated any revenue to date and is unlikely to realize revenue in the foreseeable future. Management anticipates that it will incur expenses in connection with the exploration of its mineral properties, compliance with applicable securities rules and continuous disclosure requirements, and general and administrative costs.

In the three-month period ended January 31, 2023, the Company incurred a net loss of $247,720 compared to a net loss of $843 during the same period in fiscal 2022. The increase in net loss in the most recently completed fiscal year is primarily due to share-based payments of $170,936 (2022 – NIL) recorded in connection with the Company's grant of incentive stock options to its directors and officers, exploration and evaluation expenses of $50,463 related to the Company's Phase I exploration program on the Dixie Flats/North Star Claims, and $19,335 in regulatory and filing fees that the Company incurred in connection with its prospectus filing and application to list its common shares on the Canadian Securities Exchange. The Company anticipates that it will continue to incur increasing expenses in fiscal 2023 as it conducts further exploration of its mineral property interests and complies with its disclosure obligations as a reporting issuer. Showcase became a reporting issuer in British Columbia, Alberta, and Ontario on January 9, 2023.

**Summary of Quarterly Results**

Showcase became a reporting issuer on January 9, 2023. For future quarters, the Company will provide a summary and discussion of its results.

The following is selected financial information from the Company's three most recent fiscal quarters and comparable periods in the prior fiscal year:

| | **1st Qtr Ended 1-31-23** | **4rd Qtr Ended 10-31-22** | **3rd Qtr Ended 7-31-22** |
|---|---|---|---|
| Total Revenues | Nil | Nil | Nil |
| Operating Loss | ($247,720) | ($161,199) | ($67,416) |

| | | | |
|---|---|---|---|
| Total Net Loss | ($247,720) | ($161,199) | ($67,416) |
| Total Net Loss Per Share | ($0.02) | ($0.09) | ($0.03) |

| | **1st Qtr Ended 1-31-22** | **4th Qtr Ended 10-31-21** | **3rd Qtr Ended 7-31-21** |
|---|---|---|---|
| Total Revenues | Nil | Nil | Nil |
| Operating Loss | ($843) | ($110,482) | ($63,425) |
| Total Net Loss | ($843) | ($110,482) | ($63,425) |
| Total Net Loss Per Share | ($0.001) | ($0.07) | ($0.04) |

Factors causing significant variations in quarterly results are as follows:

During the nine months ended July 31, 2022, the Company recorded an operating loss of $67,416, which was comprised of exploration and evaluation expenses of $64,051 related to the Dixie Flats/North Star property, professional fees of $2,223, and general and administrative expenses of $142. Compared to the same period in fiscal 2021, the Company's operating loss increased slightly increased primarily due to the increase in professional fees related to its financial statements.

During the fiscal year ended October 31, 2022, the Company recorded an operating loss of $161,199 consisting of exploration and evaluation expenses of $129,785 related to the Dixie Flats/North Star property, professional fees of $16,223 comprised of accounting and legal costs, regulatory and filing fees of $14,684, and general and administrative expenses of $507. Compared to the previous fiscal year, the Company's operating loss in fiscal 2022 increased due to higher exploration costs and regulatory and filing fees that the Company incurred in connection with its prospectus filing.

During the three months ended January 31, 2023, the Company recorded an operating loss of $247,720 consisting of share-based payments of $170,936 related to the recorded value of the stock options that the Company granted to its directors and officers, $50,463 in exploration and evaluation expenses related to the Dixie Flats/North Star property, $19,335 in regulatory and filing fees, $6,878 in professional fees, and $108 in general and administrative expenses. The increase in net loss in the most recently completed fiscal year is primarily due to share-based payments of $170,936 (2022 – NIL) recorded in connection with the Company's grant of incentive stock options to its directors and officers, exploration and evaluation expenses of $50,463 related to the Company's Phase I exploration program on the Dixie Flats/North Star Claims, and $19,335 in regulatory and filing fees that the Company incurred in connection with its prospectus filing and application to list its common shares on the Canadian Securities Exchange.

**Liquidity**

As at January 31, 2023, the Company had current assets of $139,079 and current liabilities of $48,766, resulting in a working capital of $90,313. Total shareholders' equity was $227,870 as at January 31, 2023.

As the Company will not generate funds from operations for the foreseeable future, the Company is primarily reliant upon the sale of equity securities in order to fund operations. Since inception, the Company has funded limited operations through the issuance of equity securities on a private placement basis. This has permitted the Company to carry out limited exploration on its Dixie Flats/North Star properties and to commission geological reports for both the Dixie Flats/North Star property and the Woodruff claims. The Company anticipates that its cash on hand of $198,768 may not be sufficient to cover expected administrative and exploration expenses for the next twelve-month period if the Company expands its operations and additional funding may be required.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which continued to spread, and related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The Company has closely monitored the impact of the pandemic on all aspects of its business. However, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

**Capital Resources**

The Company anticipates spending approximately an additional US$35,000 to carry out the balance of the Phase I exploration program on the Dixie Flats/North Star property and US$50,000 to make the property option payment that will be due on January 11, 2024. The Company also anticipates spending $38,000 to cover anticipated general and administrative costs and legal, audit and office overhead expenses for the next 12-month period. At January 31, 2023, the Company had cash of $139,079, which is insufficient to cover all expected exploration, operations and administrative expenses for the next twelve months. The Company cannot offer any assurance that expenses will not exceed management's expectations. The Company may require additional funds and will be dependent upon its ability to secure equity and/or debt financing, the availability of which cannot be assured.

Although the Company currently has limited capital resources, the Company anticipates that additional funding will come from equity financing from the sale of the Company's shares or through debt financing. The Company may also seek loans. It may also receive proceeds from the exercise of outstanding share purchase warrants and stock options.

**Off Balance Sheet Arrangements**

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

**Management and Related Party Transactions**

The Company's Board of Directors consists of Kirk Reed, Bruno Fruscalzo, Christopher Paterson, and Afzaal Pirzada. Currently, Kirk Reed acts as President and Chief Executive Officer and Bruno Fruscalzo acts as Chief Financial Officer and Secretary of the Company.

Since its inception on December 9, 2020, the Company has entered into the following transactions with its directors and officers:

1. The Company issued an aggregate of 1,750,000 common shares to its directors and officers for consideration of $0.01 per share;

2. The Company granted incentive stock options to its directors and officers which entitle them to acquire up to an aggregate of 900,000 common shares for $0.20 each until January 18, 2033; and

3. In the quarter ended January 31, 2023, Bruno Fruscalzo, the Chief Financial Officer, Secretary, and a director of the Company loaned the Company $20,000. The loan unsecured, non-interest bearing, and is payable on demand at any time after June 30, 2024.

**Critical Accounting Estimates**

A detailed summary of all of the Company's significant accounting policies is included in Note 2 to the audited financial statements for the fiscal year ended October 31, 2022. Some of these policies are also described in Note 2 to the interim financial statements for the period ended January 31, 2023.

**Basis of presentation**

The Company’s financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board (“IASB”) and the interpretations of the IFRS interpretations committee (“IFRIC”) in effect at January 31, 2023. The Company’s financial statements have been prepared on a historical cost basis and presented in Canadian dollars, which is the Company’s functional and presentation currency.

**Use of accounting estimates and judgments**

The preparation of the Company’s financial statements, in conformity with IFRS, requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the reporting period. Actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the revision affects both current and future periods. Assumptions about the future and other sources of estimation and judgment uncertainty that management has made at the end of the reporting year, relate to:

(i) Going concern

The assessment of the Company’s ability to execute its strategy by funding future working capital involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance. There is a material uncertainty regarding the Company’s ability to continue as a going concern. The Company’s principal source of cash is from private placements. The Company is dependent on raising funds in order to have sufficient capital to be able to identify, evaluate and then acquire an interest in assets or a business.

(ii) The recoverability and measurement of deferred tax assets and liabilities

Tax interpretations, regulations, and legislation are subject to change. The determination of income tax expense and deferred tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred taxes or the timing of tax payments.

**Financial instruments**

The Company follows IFRS 9, Financial Instruments, which applies a single approach to determine whether a financial asset is measured at amortized cost or fair value. The classification is based on two criteria: the Company's business objectives for managing the assets; and whether the financial instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI test"). Financial assets are required to be reclassified only when the business model under which they are managed has changed. All reclassifications are to be applied prospectively from the reclassification date. Financial liabilities under IFRS 9 are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost.

*Financial assets*

The Company initially recognizes financial assets at fair value on the date that the Company becomes a party to the contractual provisions of the instrument. 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.

Classification and measurement under IFRS 9, requires financial assets to be initially measured at fair val ue. In the case of a financial asset not categorized as fair value through profit or loss ("FVTPL"), transaction costs are included. Transaction costs of financial assets carried at FVTPL are expensed in net income (loss). Subsequent classification and measurement of financial assets depends on the Company's business objective for managing the asset and the cash flow characteristics of the asset:

(i) Amortized cost – Financial assets held for collection of contractual cash flows that meet the SPPI test are measured at amortized cost. Interest income is recognized as Other Income (expense) in the financial statements, and gains/losses are recognized in net income (loss) when the asset is derecognized or impaired.

(ii) Fair value through other comprehensive income ("FVOCI") – Financial assets held to achieve a particular business objective other than short-term trading are designated at FVOCI. IFRS 9 also provides the ability to make an irrevocable election at initial recognition of a financial asset, on an instrument-by-instrument basis, to designate an equity investment that would otherwise be classified as FVTPL and that is neither held for trading nor contingent consideration arising from a business combination to be classified as FVOCI. There is no recycling of gains or losses through net income (loss). Upon derecognition of the asset, accumulated gains or losses are transferred from other comprehensive income ("OCI") directly to Deficit.

(iii) FVTPL – Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL.

The Company measures cash and deposits at amortized cost.

*Financial liabilities*

The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The subsequent measurement of financial liabilities is determined based on their classification as follows:

(i) FVTPL Derivative financial instruments entered into by the Company that do not meet hedge accounting criteria are classified as FVTPL. Gains or losses on these types of financial liabilities are recognized in net income (loss).

(ii) Amortized cost – All other financial liabilities are classified as amortized cost using the effective interest method. Gains and losses are recognized in net income (loss) when the liabilities are derecognized as well as through the amortization process.

The Company measures accounts payable and accrued liabilities at amortized cost.

*Classification of financial instruments*

IFRS 7, *Financial instruments: disclosures*, establishes a fair value hierarchy that reflects the significance of inputs in measuring fair value as the following:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 –inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The classification of a financial instrument in the fair value hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**Exploration and evaluation assets**

Exploration and evaluation assets include the costs of acquiring mineral concession and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition of mineral properties are capitalized by property as an intangible asset. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the statement of loss and comprehensive loss. Once a license or other right to explore an area has been secured, all direct costs related to the acquisition, exploration and evaluation of mineral property interests are capitalized into intangible asset on a property-by-property basis until such time that technical feasibility and commercial viability of extracting a mineral resource has been determined for a property, in which case the capitalized exploration and evaluation costs are transferred and capitalized into property, plant and equipment. The Company records expenditures on exploration and evaluation activities at cost. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property. Proceeds received from a partial sale or option of any interest in a property are credited against the carrying value of the property. When the proceeds exceed the carrying costs, the excess is recorded in profit or loss in the period the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are written-off, with any gain or loss included in profit or loss in the period the transfer takes place.

**Taxes**

Tax expense comprises current and deferred tax. Current tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset. The Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred taxes.

**Functional currency**

The Company follows IAS 21 *The effect of Changes in Foreign Exchange Rates* when accounting for foreign Exchange Rates and has determined that its functional currency is the Canadian dollar.

**Related party transactions**

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

**Share capital**

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**Warrants**

When the Company issues private placement units, the value attributed to the warrants is measured using the residual method. This method allocates value first to the more easily measurable component based on fair value and the residual to the less easily measurable component, if any. The Company considers the fair value of its shares to be the more easily measurable component and is valued with reference to the market price. The residual value is attributed to the warrants, if any is recorded as a separate component of equity.

**Earnings (Loss) per share**

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated using the treasury stock method.

Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the reporting periods. However, in periods where a net loss is reported, outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are anti-dilutive and as a result diluted loss per share is equal to the basic loss per share.

**Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

## Disclosure of Outstanding Security Data

*Common Shares*

As at January 31, 2022 and the date of this MD&A, the Company had 11,507,924 common shares issued and outstanding.

*Escrow Shares*

As at January 31, 2023 and this MD&A, the Company had 1,575,000 of its common shares held in escrow, which are all held by the Company's directors and officers.

*Stock Options*

As at January 31, 2023, and the date of this MD&A, the Company had 900,000 options issued and outstanding, which are exercisable for $0.20 each until January 18, 2033. The grant was subject to CSE acceptance of the Company for filing, and accordingly, the options did not vest until the Company's common shares were listed on the CSE, which occurred during the quarter ended January 31, 2023.

*Share Purchase Warrants*

As at January 31, 2023 and the date of this MD&A, the Company has 8,160,000 common share purchase warrants outstanding. Each warrant is exercisable into one common share of the Company for $0.10 until January 18, 2028.

## Additional Disclosure for Venture Issuers without Significant Revenue

During the three-month period ended January 31, 2023, the Company recorded exploration and evaluation expenses of $50,463 and general and administrative expenses of $108.

The exploration and evaluation expenses consisted of exploration expenditures on the Dixie Flats/North Star property, which consisted of 3-D geologic modelling and geological surveys. The general and administrative expenses consist primarily of bank fees.

### Additional Information

Additional information relating to Showcase Minerals Inc. is located at www.sedar.com.