

**Kobrea Exploration Corp.**

**Management's Discussion and Analysis  
For the three and nine months ended October 31, 2023**

**Prepared as of December 27, 2023**

## ***Management's Discussion and Analysis***

### **For the three and nine months ended October 31, 2023, prepared as of December 27, 2023**

The following management's discussion and analysis ("MD&A") has been prepared by Management. The following discussion of performance, financial condition and future prospects should be read in conjunction with the audited financial statements of Kobre Exploration Corp. (the "Company") for the period from incorporation on March 16, 2022 to January 31, 2023 and notes thereto. The information provided herein supplements but does not form part of the financial statements. This discussion covers the three and nine months ended October 31, 2023 and the subsequent period up to the date of issue of this MD&A. Unless otherwise noted, all dollar amounts are stated in Canadian dollars.

The Company's audited financial statements for the period from incorporation on March 16, 2022 to January 31, 2023, and the unaudited condensed interim financial statements for the three and nine months ended October 31, 2023, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

This MD&A is intended to help the reader understand the Company, its operations, financial performance, current and future business environment and opportunities and risks facing the Company. Certain statements in this report incorporate forward looking information and readers are advised to review the cautionary note regarding such statements in Appendix 1 of this MD&A.

### **Description of Business and Overview**

Kobre Exploration Corp. (the "Company") was incorporated on March 16, 2022 under the laws of the Province of British Columbia, Canada by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia). The principal business of the Company is the acquisition, exploration and evaluation of resource properties. The head office and registered and records office of the Company is located at Suite 330 – 890 West Pender Street, Vancouver, British Columbia V6C 1L9.

The Company has not commenced commercial operations. At present, the Company has no current operating income. Without additional financing, the Company may not be able to fund its ongoing operations and complete its development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations.

### **General Development of the Business**

The Company is a resource exploration company focused on the acquisition, evaluation and exploration of mineral resource properties. To date, the Company has focused its exploration activities in the Province of British Columbia. The Company owns 8 mining claims located in Barriere, British Columbia, Canada.

The Company acquired the Upland property, located in Barriere, British Columbia, Canada consisting of eight mineral claims, through staking, for a total consideration of \$1. During the nine months ended October 31, 2023, the Company incurred \$7,365 (For the period from incorporation on March 16, 2022 to January 31, 2023 - \$100,976) of exploration and evaluation expenditures on this property that have been recognized as expenses in the statements of net and comprehensive loss.

## Financial Results of Operations

### Quarterly Financial Results

The following selected financial data is derived from the financial statements prepared in accordance with IFRS:

Quarter ended	October 31, 2023	July 31, 2023	April 30, 2023
Cash	\$480,930	\$555,910	\$330,538
Net loss	\$74,981	\$11,924	\$23,174
Shares outstanding	16,200,200	16,200,200	16,200,200
Loss per common share (basic and diluted)	\$0.00	\$0.00	\$0.00

  

Quarter ended	January 31, 2023	October 31, 2022	July 31, 2022	April 30, 2022
Cash	\$367,507	\$103,835	\$61,746	\$3,485
Net loss	\$72,323	\$97,910	\$12,739	\$515
Shares outstanding	16,200,200	9,000,200	3,750,200	200
Loss per common share (basic and diluted)	\$0.01	\$0.01	\$0.01	\$2.58

The net loss for the period from incorporation on March 16, 2022 to April 30, 2022 was mainly a result of exploration and evaluation fees of \$509 related to a miner certificate expense.

The net loss for the quarter ended July 31, 2022 was mainly a result of exploration and evaluation fees of \$12,717 related to surveying.

The net loss for the quarter ended October 31, 2022 was mainly a result of exploration and evaluation costs of \$85,076 related to the Upland property and management fees of \$12,500.

The net loss for the quarter ended January 31, 2023 was mainly a result of \$7,672 related to legal fees for advisory services related to capital markets, management fees of \$49,500, and \$2,674 of exploration and evaluation expenditures related to the Upland property.

The net loss for the quarter ended April 30, 2023, was mainly a result of \$7,545 in management fees, \$5,822 of exploration and evaluation expenditures related to the Upland property and \$5,350 related to legal fees for advisory services related to capital markets.

The net loss for the quarter ended July 31, 2023, was mainly a result of \$7,500 in management fees and \$4,000 related to audit fees.

The net loss for the quarter ended October 31, 2023 was mainly a result of \$37,350 related to regulatory and filing fees in connection with the companies public market listing, \$28,170 related to legal fees for advisory services related to capital markets, management fees of \$7,500, and \$1,543 of exploration and evaluation expenditures related to the Upland property.

## Results of Operations

### Three months ended October 31, 2023

The Company incurred a net loss of \$74,981 for the three months ended October 31, 2023 compared to a net loss of \$97,910 for the comparable period in 2022. The loss in 2023 can be attributed mainly to regulatory and filing fees, exploration costs, management fees, and legal fees, as discussed above.

### Nine months ended October 31, 2023

The Company incurred a net loss of \$110,078 for the nine months ended October 31, 2023 compared to a net loss of \$111,120 for the comparable period in 2022. The loss in 2023 can be attributed mainly to regulatory and filing fees, exploration costs, management fees, and legal fees, as discussed above.

## Liquidity and Capital Resources

### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

At October 31, 2023, the Company had working capital<sup>(1)</sup> of \$460,380 which included cash of \$480,930 available to meet short-term business requirements and liabilities of \$20,550. The Company's accounts payable and accrued liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. The Company has no long-term debt.

<sup>(1)</sup> Non-GAAP Financial Measure:

The Company uses "working capital" to assess liquidity and general financial strength and is calculated as current assets less current liabilities. Working capital does not have any standardized meaning prescribed by IFRS and is referred to as a "Non-GAAP Financial Measure." It is unlikely for Non-GAAP Financial Measures to be comparable to similar measures presented by other companies. Working capital is calculated as current assets (October 31, 2023 – \$480,930), less current liabilities (October 31, 2023 – \$20,550).

At present, the Company has no current operating income. Without additional future financing, the Company may not be able to fund its ongoing operations and complete future development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. These uncertainties cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations.

## Outstanding Share Data

As at October 31, 2023 and the date of this report, the Company had 16,200,200 issued and outstanding common shares and 7,200,000 share purchase warrants outstanding.

As at October 31, 2023 and the date of this report, the Company had 2,589,496 special warrants outstanding convertible into units, each of which will be comprised of one common share and one share purchase warrant. Each warrant will be exercisable into one common share at an exercise price of \$0.20 expiring in three (3) years. During the nine months ended October 31, 2023, the Company received total gross proceeds of \$258,496 from the issuance of special warrants.

## Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

## Transactions with Related Parties

The Company entered into the following transactions with related parties during the nine months ended October 31, 2023.

	<b>October 31, 2023</b>
Management fees	\$ 22,545
	<b>22,545</b>

As at October 31, 2023, accounts payable and accrued liabilities include \$nil (January 31, 2023 - \$42,000) due to related parties.

## Critical Accounting Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments 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 circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Significant areas requiring the use of management estimates and judgments include:

### *Going concern*

The assessment of whether the concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

### *Accounting Policies*

The Company's significant accounting policies are disclosed in note 3 of the Company's audited financial statements for the period from incorporation on March 16, 2022 to January 31, 2023. The accounting policies have been applied consistently throughout the nine months ended October 31, 2023.

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date later than February 1, 2023.

## Financial Instruments

The Company's financial instruments as at October 31, 2023 include cash, accounts payable and accrued liabilities.

The Company's financial assets and financial liabilities are classified and measured as follows:

Financial instrument	Category
Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

The carrying values of cash, accounts payable and accrued liabilities approximate their fair values due to the expected maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

As at October 31, 2023, the Company has cash of \$480,930 available to apply against short-term business requirements and current liabilities of \$20,550.

(c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty. The Company is not exposed to significant interest rate risk as the Company has no variable interest-bearing debt.

(ii) Foreign currency risk

Currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(iii) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company actively monitors commodity price changes and stock market prices to determine the appropriate course of action to be taken by the Company.

## Management's responsibility for financial statements

The information provided in this report, including the financial statements is the responsibility of Management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the accompanying financial statements.

On behalf of Management and the Board of Directors,

“James Hedalen”

Director

## **APPENDIX 1**

### **Cautionary Note Regarding Forward-Looking Statements**

This MD&A contains “forward-looking statements”. Forward-looking statements reflect the Company’s current views with respect to future events, are based on information currently available to the Company and are subject to certain risks, uncertainties, and assumptions, including those discussed elsewhere in this MD&A. Forward-looking statements include, but are not limited to, statements with respect to the success of mining exploration work, title disputes or claims, environmental risks, unanticipated reclamation expenses, the estimation of mineral reserves and resources and capital expenditures. In certain cases, forward-looking statements can be identified by the use of words such as “intends”, “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “anticipates” or “does not anticipate”, or “believes”, or various of such words and phrases or state certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which may cause the actual results, performance or achievements expressed or implied by the forward-looking statements to differ. Such factors include, among others, risks related to actual results of current exploration activities, changes in project parameters as plans are refined over time, the future price of gold and other precious or base metals, possible variations in minerals resources, grade or recovery rates, accidents, labour disputes, title disputes and other risks of the mining industry, fluctuation of currency exchange rates, delays in obtaining, or inability to obtain, required governmental approvals or financing or in the completion of development or construction activities, claims limitations on insurance coverage, as well as other factors discussed under “Risk Factors”. Although the Company has attempted to identify material factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained in this MD&A are made as of the date of this MD&A. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not assume the obligations to update forward-looking statements, except as required by applicable law.