



# **STUHINI**

**E X P L O R A T I O N**

**STUHINI EXPLORATION LTD.  
MANAGEMENT DISCUSSION AND  
ANALYSIS FOR  
THE THREE MONTHS ENDED  
MAY 31, 2022**

## INTRODUCTION

The following Management Discussion and Analysis (“MD&A”) of Stuhini Exploration Ltd. (the “Company” or “Stuhini”), has been prepared by management, in accordance with the requirements of National Instrument 51-102 *Continuous Disclosure Obligations*, as of August 2, 2022, and should be read in conjunction with condensed interim consolidated audited financial statements for three-month period ended May 31, 2022, and the related notes contained therein which have been prepared under International Financial Reporting Standards (“IFRS”). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

## FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company and its subsidiary that are based on the beliefs of the Company’s management as well as assumptions made by and information currently available to the management. When used in this document, the words “*anticipate*”, “*believe*”, “*estimate*”, “*expect*” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, and the estimated cost and availability of funding for the continued exploration and development of the Company’s exploration properties. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the actual results, performance, or the Company’s achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

## COMPANY OVERVIEW

### Background

Stuhini is a Canadian mineral exploration company based in Vancouver, British Columbia (“BC”) and incorporated on July 7, 2017, under the *Business Corporations Act* (BC). The Company’s head office and registered records office is located at 1245 West Broadway, Unit 105, Vancouver, BC V6H 1G7. The Company’s shares (“Common Shares”) are traded on the TSX Venture Exchange (the “Exchange”, or “TSX-V”) under the symbol “STU”.

On April 4, 2022, the Company incorporated Arizada Metals Corp. (“Arizada”) under the Arizona Business Corporations Act. Stuhini holds 100% of the issued and outstanding shares of Arizada.

The Company is engaged in the acquisition, exploration, and development of mineral properties and, as of the date of this MD&A, holds options on two road accessible mineral properties: an option to acquire a 100% interest in the Ruby Creek Property located in northwestern BC approximately 20 kilometres (“km”) east of the town of Atlin, and an option to acquire a 100% interest in the Que Property located approximately 70 km north of Johnson’s Crossing in southcentral Yukon. In addition, in May of 2021, the Company acquired through staking a 47,574-hectare land package consisting of seven mineral exploration licenses (“MEL”) approximately 35 km northwest of Grand Rapids, Manitoba, and in March of 2022 applied for an additional MEL on a parcel of land, which, as of the date of the filing of the MD&A is pending approval. In July of 2021, the Company purchased two additional properties. The Island Property was acquired from Brixton Metals Corporation (TSX-V: BBB) (“Brixton”) for \$60,000 cash and is roughly 1,277 hectares in size. The Island Property is located near Atlin, BC and is contiguous with the south-central border of the Company’s Ruby Creek Property. The Big Ledge Property is located in southeastern BC, roughly 57 km south of the city of Revelstoke, and was acquired from a director of the Company for nominal consideration and is roughly 5,094 hectares in size.

Through Arizada, the Company has applied for exploration permits over four distinct areas in the state of Arizona, which, as of the date of this MD&A, are pending approval.

The Company does not have any assets or mineral properties that are in production.

## Key Events for the Three-month Period Ended May 31, 2022

On April 20, 2022, the Company granted to a consultant, options to purchase an aggregate of 100,000 Common Shares at \$0.81 per Common Share until April 20, 2024. The options vested immediately and are subject to the terms of the Company's Stock Option Plan.

### Significant Exploration Activities

During the winter-spring season of 2021/22, the Company carried out a 569 line-km SkyTEM™ airborne geophysical survey over the entire Big Ledge Property. Preliminary maps from the survey revealed overlapping magnetic and electromagnetic signatures that coincide with known occurrences of mineralization on surface. The overlapping signatures continue across the property for ~14 km and were interpreted to represent the mineralized horizon and demonstrate the resource potential of the property.

### Subsequent Events

Subsequent to May 31, 2022, the Company arranged a non-brokered private placement for up to \$1.5 million (the "Private Placement"). The Private Placement will consist of a combination of: (i) flow-through units of the Company ("FT Units") at a price of \$0.45 per FT Unit (the "FT Unit Offering"); and (ii) non-flow through units of the Company ("NFT Units") at a price of \$0.40 per NFT Unit (the "NFT Unit Offering").

Each FT Unit will consist of one flow-through common share of the Company and one half of one common share purchase warrant (each whole warrant, a "FT Warrant"). The FT Units will qualify as "flow-through shares" for the purposes of the Income Tax Act (Canada) (the "Tax Act"). Each FT Warrant will entitle the holder thereof to acquire one common share in the capital of the Company (each, a "Common Share") at a price of \$0.60 per Common Share for a period of two years following the closing of the FT Unit Offering.

Each NFT Unit will consist of one Common Share and one-half of one non-flow through common share purchase warrant (each whole warrant, an "NFT Warrant"). Each NFT Warrant will entitle the holder thereof to acquire one Common Share at a price of \$0.60 per Common Share for a period of two years following the closing of the NFT Unit Offering.

## EXPLORATION PROPERTIES

As of the date of this MD&A the Company's interests in exploration and evaluation assets consist of the following:

- an option to acquire a 100% interest in the Ruby Creek Property;
- an option to acquire a 100% interest in 2,246 hectares of the Que Property and a 100% interest in 1,996 hectares adjacent to the Que Property that was staked by the Company and consolidated into the Que Property in 2020;
- a 100% interest in the South Thompson Property;
- a 100% interest in the Island Property as well as the 619 hectares staked in September 2020 (both of which were added to the Ruby Creek Property); and
- a 100% interest in the Big Ledge Property.

## RUBY CREEK PROPERTY

On July 30, 2019, the Company entered into an option agreement with Global Drilling Solutions Inc. ("Global Drilling") (the "Ruby Creek Option Agreement") whereby the Company was granted a right to acquire a 100% interest in the Ruby Creek Property (the "Ruby Creek Option"). The Ruby Creek Option Agreement was conditional on approval by the disinterested shareholders of the Company, which was received at the November 28, 2019, annual general meeting, and acceptance for filing of the Ruby Creek Option Agreement by the Exchange, which was received on December 31, 2019.

Based on the Ruby Creek Option Agreement, to fully exercise its Ruby Creek Option, the Company is required to issue a total of 7,300,000 Common Shares and make cash payments of \$1,060,000 over a four-year term. The following table shows the continuity of the Ruby Creek Option payments:

Date	Common Shares	Cash Payment
December 31, 2019 (Common Shares issued)	800,000	\$ -
December 31, 2020 (Common Shares issued)	1,250,000	-
December 31, 2021 (Common Shares issued, promissory note issued in lieu of cash payment)	1,750,000	120,000
December 31, 2022	1,750,000	300,000
December 31, 2023	1,750,000	640,000
<b>Total</b>	<b>7,300,000</b>	<b>\$ 1,060,000</b>

Upon exercise of the Ruby Creek Option, Global Drilling would be entitled to a 1% NSR on the portions of the Ruby Creek Property originally optioned by Global Drilling to the Company.

In September of 2020, the Company staked additional claims covering a total of 619.38 hectares contiguous to the Ruby Creek Property and added these to the original claims. On July 14, 2021, the Company entered into a purchase and sale agreement with Brixton, whereby the Company acquired an additional five (5) mineral claims (the “Island Property”) contiguous with the Ruby Creek Property. The Company paid \$60,000 cash to acquire the Island Property, no additional fees or work requirements are payable under the acquisition agreement with Brixton other than a 1% NSR reserved by Brixton as well as an additional 1% NSR to other arms-length parties from whom Brixton originally acquired these claims. The Island Property claims therefore have a cumulative 2% NSR. The Island Property added approximately 1,277 hectares to the Ruby Creek Property increasing the size of the Ruby Creek Property to 55 claims totalling roughly 28,631 hectares.

#### Ruby Creek Property Acquisition and Exploration Costs

	May 31, 2022	February 28, 2022
<b>Balance, beginning of period</b>	<b>\$ 4,567,297</b>	<b>\$ 1,682,065</b>
Option payments	-	1,135,000
Acquisition payment	-	60,000
Mineral tenure/lease payments	49,320	49,300
<b>Sub-total, acquisition costs</b>	<b>49,320</b>	<b>1,244,300</b>
Deferred exploration expenditures		
Assaying	4,020	161,974
Camp and travel	4,179	187,615
Equipment use/rental	1,736	238,581
Geology	304,137	1,052,762
<b>Sub-total, deferred exploration expenditures</b>	<b>314,072</b>	<b>1,640,932</b>
<b>Balance, end of period</b>	<b>\$ 4,930,689</b>	<b>\$ 4,567,297</b>

#### Property Location and General Description

The Ruby Creek Property is 28,631 hectares in size, is road accessible and located within the Atlin Mining Division, with the western boundary of the project being 14 km from Atlin. The Ruby Creek Property consists of 55 contiguous mineral claims of which one is a mining lease. There are 48 different documented mineral occurrences on the Ruby Creek Property, of which 16 are gold-related, with seven significant gold placer creeks, six of which were still actively being mined during the summer of 2019<sup>1</sup>. The Company does not own or have an option on the placer rights for these placer streams on the tenures since in BC placer rights are a different tenure than hard rock mineral rights. However, the Company does have the hard rock rights which would be relevant should bedrock lode-gold or other minerals be discovered under the existing placer creeks or elsewhere on the Ruby Creek Property. The Ruby Creek Property also hosts the Ruby Creek Molybdenum resource (also known as the Adanac Molybdenum Deposit or resource) which, using a 0.04% Mo cut-off grade, has a historic measured and indicated mineral resource of 275.4 million tonnes at 0.067% Mo containing 407.9 million pounds (“lbs”) of Mo. The historic Ruby Creek Molybdenum resource estimate was prepared by K. Palmer of Golder Associates in a report dated May 28, 2009, titled Ruby Creek Molybdenum Project in Northern British Columbia, Canada. The resource estimate was established using 338 drill holes with a

<sup>1</sup> The documented mineral occurrences refer to the Ruby Creek Property as it was initially acquired from Global Drilling, and does not include information for the recently acquired Island Claims.

combined length of approximately 69,200 m and 21,651 assay samples. A Qualified Person as defined in National Instrument 43-101 (“QP”) has not done sufficient work to classify the historical estimate as a current mineral resource or mineral reserve. The Company has not verified the historical resource estimates and therefore is not treating nor relying on the historical estimates as a current mineral resource or mineral reserve. With the increase in the price of Mo from around USD\$7 per pound in July 2020 to a price of over USD\$20 per pound<sup>2</sup> by June 2021, the Company believed that the economic outlook for Mo had improved sufficiently for the Company to update the Mo resource to a current resource in accordance with the requirements of National Instrument 43-101 (“NI 43-101”). Accordingly, on November 9, 2021, the Company announced that it had retained Mine Development Associates (“MDA”), a division of RESPEC, to update the 2009 Ruby Creek molybdenum historic resource estimate. The data review, modelling and resource estimation will be conducted in accordance with NI 43-101 standards by the MDA associates and QP’s, Steve Ristorcelli, P.Geo., and Peter A. Ronning, P.Eng.

On November 7, 2019, the Company filed a National Instrument 43-101 Technical Report entitled: "Technical Report on the Ruby Creek Property within the Atlin Gold camp British Columbia Canada" (the “Technical Report”). The Technical Report outlined a 2-stage exploration program for the Ruby Creek Property budgeted at \$750,000.

### Exploration Activities Three-months Period ended May 31, 2022

**Ruby Creek Molybdenum:** The 3D IP survey, carried out as part of the 2021 exploration work, covered the southwestern portion of the historic Ruby Creek Mo deposit and 400 m beyond the southwest limits of the deposit where historic drilling has not closed off the deposit (e.g. AD-417 drilled in 2008 assayed 0.052 % Mo over 76.2 m starting at the top of bedrock, and 45 m of 0.23% Mo to the end of hole from 355 m to 400 m). In March of 2022, the Company reported a pit-constrained Mineral Resource Estimate (“MRE”) for the Ruby Creek Molybdenum deposit (“Ruby Creek Molybdenum Deposit”), which the Company commissioned from the Mine Development Associates (“MDA”), a division of RESPEC. The effective date of the MRE is March 10, 2022, and an NI 43-101 Technical Report (the “Technical Report”) was filed on SEDAR on April 22, 2022.

#### Open Pit Constrained Resource Estimate

The pit constrained Measured and Indicated resources contain 432,991,000 lbs of molybdenum hosted within 369,398,000 tonnes at an average Mo grade of 0.053% at 0.020% Mo cut-off. Resources within the Inferred category include 43,650,000 lbs of Mo hosted within 41,946,000 tonnes at an average Mo grade of 0.047 % as shown in the table below.

Measured + Indicated				Inferred			
Cutoff (Mo%)	Tonnes	Mo%	lbs Mo (x1,000)	Cutoff (Mo%)	Tonnes	Mo%	lbs Mo (x1,000)
0.015	392,179,000	0.051	441,726	0.015	52,578,000	0.041	47,640
<b>0.020</b>	<b>369,398,000</b>	<b>0.053</b>	<b>432,991</b>	<b>0.020</b>	<b>41,946,000</b>	<b>0.047</b>	<b>43,650</b>
0.025	339,466,000	0.056	417,930	0.025	36,404,000	0.051	40,850
0.030	303,203,000	0.059	395,929	0.030	31,666,000	0.055	38,050
0.035	264,499,000	0.063	368,629	0.035	26,998,000	0.058	34,700
0.040	225,911,000	0.068	336,773	0.040	23,062,000	0.062	31,420
0.045	191,616,000	0.072	304,656	0.045	19,666,000	0.065	28,270
0.050	160,991,000	0.077	272,762	0.050	15,739,000	0.070	24,180
0.060	111,516,000	0.087	212,848	0.060	10,521,000	0.077	17,880
0.070	76,167,000	0.097	162,549	0.070	6,175,000	0.086	11,710
0.080	51,026,000	0.108	121,118	0.080	2,891,000	0.099	6,280
0.090	33,852,000	0.119	89,150	0.090	1,773,000	0.108	4,210
0.100	23,209,000	0.131	66,966	0.100	926,000	0.119	2,430

### Ruby Creek Property Commitments

The Ruby Creek Property consists of 54 mineral claims (excluding the mineral lease that comprises part of the Ruby Creek Property) which were staked at different times resulting in different work commitments for each claim. As of

<sup>2</sup> Prices are taken from daily closing price website of the London Metals Exchange (“LME”) for LME Molybdenum (Platts), for Contracts Month 2 and out. The closing price on July 20, 2022, was USD\$15.85 per pound. While the Company’s management believes these prices are reliable, the management takes no responsibility for the accuracy of the price.

the date of the filing of this MD&A, the mineral claims that comprise the Ruby Creek Property are in good standing. Based on the date the claims were staked and their respective sizes, the total annual work commitment for Ruby Creek Property is approximately \$332,924. Based on the most recent assessment reports filed with the BC Ministry of Mines, Energy and Low Carbon Innovation, the Ruby Creek Property good-till date has been extended to November 30, 2026.

In addition to the work commitments required on the mineral claims, the mineral lease associated with the historical molybdenum deposit is included as part of the Ruby Creek Property and is subject to an annual flat fee lease payment of \$49,320 with no work requirement (2021 - \$49,300), which the Company paid in March of 2022, renewing the lease until March 27, 2023.

## QUE PROPERTY

On February 17, 2020, the Company entered into an option agreement (the "Que Option Agreement") with arms-length vendors, whereby the Company was granted the right to acquire a 100% interest in the Que Property (the "Que Option") located in south-central Yukon. The Que Option Agreement was amended and restated on February 28, 2020 (the "Amended Que Option Agreement"), with the vendors, Nokuyukon Holdings Ltd., Mark Lindsay, Glacier Drilling Ltd., Mike Mickey, and Joanne MacDougall (jointly, the "Que Vendors"), and was conditional on acceptance for filing by the Exchange, which was received on April 1, 2020 (the "Que Approval Date").

Based on the Amended Que Option Agreement, to fully exercise its Que Option, the Company was required to issue a total of 2,950,000 Common Shares and make cash payments for a total of \$380,000 over a four-year term to the Que vendors. Upon receipt of assays showing no significant mineralization from a shallow early stage 2-hole drill program, the Company commenced renegotiating the Amended Que Option Agreement. The further amended and restated option agreement (the "Que Amendment 2") was announced on October 26, 2020, and its material terms are detailed in the table below.

Date	Que Amendment 2	
	Common Shares	Cash Payment
Que Approval Date (Common Shares issued)	200,000	\$ -
1st Anniversary of Approval (Common Shares issued) <sup>(1)</sup>	50,000	-
2nd Anniversary of Approval (Common Shares issued) <sup>(2)</sup>	75,000	-
3rd Anniversary of Approval	112,500	-
4th Anniversary of Approval	125,000	35,000
5th Anniversary of Approval	375,000	60,000
<b>Total</b>	<b>937,500</b>	<b>\$ 95,000</b>

- (1) On June 22, 2021, the Company entered into the 3<sup>rd</sup> Que Option Amendment, which extended the option payment initially payable on the 1<sup>st</sup> Anniversary of Approval, being issuance of 50,000 Common Shares of the Company, to June 22, 2021, on mutual agreement of the parties to the Que Option Agreement. The shares were valued at \$29,000. In addition, the 3<sup>rd</sup> Que Option Amendment specified all option payments as well as the NSR to be apportioned to the Que Vendors as to 80% to Mr. Lindsay and 20% to Ms. MacDougall.
- (2) The Company issued 75,000 shares representing an option payment on the 2<sup>nd</sup> Anniversary of Approval on March 25, 2022. The Shares were valued at \$62,250.

## Que Property Acquisition and Exploration Costs

	May 31, 2022	February 28, 2022
<b>Balance, beginning of period</b>	<b>\$ 245,246</b>	<b>\$ 215,703</b>
Option payments	62,250	29,000
<b>Sub-total, acquisition costs</b>	<b>62,250</b>	<b>29,000</b>
Deferred exploration expenditures		
Geology	-	543
<b>Sub-total, deferred exploration expenditures</b>	<b>-</b>	<b>543</b>
<b>Balance, end of period</b>	<b>\$ 307,496</b>	<b>\$ 245,246</b>

## Property Location and General Description

The Que Property is road accessible and located just off the Canol Road, Yukon Highway #6, 70 km north of Johnson's Crossing, which is located on the Alaska Highway. The Que Property originally consisted of 108 mineral claims and was 2,246 hectares in size. During the fiscal 2021 year, the Company staked an additional 96 claims (1,996 hectares) bringing the entire claims package to 204 claims, approximately 4,243 hectares.

The Que Property was first staked in the mid 1960's after the discovery of several large rusty, intensely gossanous zones. The Que Property has been privately held by the Que Vendors since that time. Small-scale exploration programs have been conducted since the original staking during which gold bearing veins and a gold bearing felsic horizon on Kingdome Ridge were discovered. Soil sampling also identified gold anomalies in soil.

In the 2019 field season, the Company's geologists spent an afternoon on the Que Property conducting due diligence, which confirmed the presence of the gossanous kill zones and the occurrence of gold mineralization within quartz veins in outcroppings. A grab sample collected during this visit assayed 11.7 g/t gold.

## Exploration Activities

Due to uncertainties in travel and work restrictions in the Yukon associated with COVID-19 pandemic, the Company deferred its 2021/22 exploration plans on the Que Property.

## Que Property Commitments

In the Yukon, quartz (hard-rock) claims must be maintained in good standing with the Department of Energy, Mines and Resources. Quartz claims expire one year after the recording date. To keep a claim in good standing, the Company is required to carry out an assessment work (also known as "representation work") for a minimum of \$100 per claim. The assessment work must be applied to the quartz claim in the year it is completed by filing the assessment work report before the claim's anniversary of the recording date. In case where the assessment work will result in more than \$100 spent, the remaining value can be applied to the future years (not to exceed five years). If the representation work on a claim is not done, the Company can choose to pay a fee of \$105 per claim instead.

The Que Property consists of 204 mineral claims which were staked at different times resulting in different expiry dates for some claims. The total annual work commitment for the Que Property is approximately \$20,400.

Based upon the exploration funds spent on the SkyTEM™ airborne geophysical survey and the early stage small-scale drill program conducted on the Que Property during the summer 2020 program, the Company has filed an assessment report with the Yukon Mines Ministry and has received confirmation that the next renewal date for all claims comprising the Que Property has been extended to March 7, 2026.

## SOUTH THOMPSON PROPERTY

On May 27, 2021, the Company announced that it acquired through staking seven MELs ("Mineral Exploration Licenses") covering 47,509 hectares along the southern extent of the Thompson Nickel Belt, approximately 35 km northwest of Grand Rapids, Manitoba. The Company paid a total of \$26,561 to acquire the South Thompson

Property, of which \$2,807 were associated with staking fees, and \$23,754 constituted a refundable cash deposit, which the Company recorded as part of reclamation bond.

On March 25, 2022, the Company applied for a 5-year mineral license for an additional MEL along the southern extent of the Thompson Nickel Belt. As of the date of this MD&A, the application is pending final review. The Company paid \$18,146 for this MEL, of which \$17,745 constitutes a refundable cash deposit.

#### South Thompson Property Acquisition and Exploration Costs

	May 31, 2022	February 28, 2022
<b>Balance, beginning of period</b>	<b>\$ 31,778</b>	<b>\$ -</b>
Mineral tenure payments	401	2,807
Other acquisition payments	3,328	
<b>Sub-total, acquisition costs</b>	<b>3,729</b>	<b>2,807</b>
Deferred exploration expenditures		
Camp and travel	2,556	5,829
Equipment use/rental	-	3,668
Geology	750	19,474
<b>Sub-total, deferred exploration expenditures</b>	<b>3,306</b>	<b>28,971</b>
<b>Balance, end of period</b>	<b>\$ 38,814</b>	<b>\$ 31,778</b>

#### Property Location and General Description

The South Thompson Property is comprised of seven MELs, of which five separate MEL blocks (T1, T2, T3, T4, and T5) cover prospective ground that hosts relatively untested target horizons and covers parts of the Winnipegosis Komatiite Belt. The eighth MEL covers similarly prospective ground and is pending approval.

Sporadic drilling in the 1980s and 1990s encountered anomalous nickel (“Ni”) grades such as 0.37% Ni over 45.7 m, along with 0.52% Ni over 4 m (diamond drill hole GR-1-83, T1 block). Nickel depletion within dunites and komatiites ranging from 167 ppm to 850 ppm Ni over 194 m (diamond drill hole RP91-1A, T5 block) is interpreted to represent nickel dropping out of the magma and settling to form a sulfide body. Furthermore, T2 to T5 blocks have not had any modern deep-penetrating airborne electromagnetic geophysical surveys flown over them and have only been surveyed using older systems from the 1990s. The T1 block has received partial coverage by a VTEM™ survey in 2007. The results of the 2007 survey generated coincident electromagnetic/magnetic anomalies referred to as the TEX 1 target. This target has not been drilled. Previously in 1997, Falconbridge had drilled a single hole (DDH WL97-183), which intersected the southern edge of the TEX 1 electromagnetic anomaly, and encountered 27.85 m of 0.32% Ni starting at a depth of 118.15 m.

#### Exploration Activities

During the three-month period ended May 31, 2022, the Company spent \$3,306 in deferred exploration costs associated with the South Thompson Property.

#### South Thompson Property Commitments

As of the date of the filing of this MD&A, the MELs that comprise the South Thompson Property are in good standing. Based on the date the licenses were granted and their respective sizes, the total annual work commitment for South Thompson Property is approximately \$23,757 and is due by August 17, 2022.

#### BIG LEDGE PROPERTY

On July 26, 2021, the Company acquired the Big Ledge Property located in southeastern BC roughly 57 km south of the city of Revelstoke. The Big Ledge Property was acquired from a director to the Company for nominal consideration of \$10. The Big Ledge Property is roughly 5,094 hectares in size. No royalties, finder’s fees or work commitments are associated with this property or the transaction.



## Big Ledge Property Acquisition and Exploration Costs

	May 31, 2022	February 28, 2022
<b>Balance, beginning of period</b>	<b>\$ 174,411</b>	<b>\$ -</b>
Acquisition payments	-	10
<b>Sub-total, acquisition costs</b>	<b>-</b>	<b>10</b>
Deferred exploration expenditures		
Equipment use/rental	-	26
Geology	73,031	174,375
<b>Sub-total, deferred exploration expenditures</b>	<b>73,031</b>	<b>174,401</b>
<b>Balance, end of period</b>	<b>\$ 247,442</b>	<b>\$ 174,411</b>

## Property General Description

The Big Ledge Property is a stratiform zinc deposit and is road accessible via a forest service road from Highway 23. The mineralization consists of sphalerite, pyrite, pyrrhotite, galena, with lesser chalcopyrite and marcasite hosted in a folded assemblage of marble and quartzite known as the Ledge Unit within the Shuswap metamorphic complex of the Proterozoic Monashee Group. The mineralized zones have been reported up to 18 m in thickness in drilling and have been traced through geophysics and prospecting for distances of over 5 km. The most recent historic samples have assayed up to 4.70% zinc.

### Exploration Activities

During the winter-spring season of 2021/22, the Company carried out a 569 line-km SkyTEM™ airborne geophysical survey over the entire Big Ledge Property. Preliminary maps from the survey revealed overlapping magnetic and electromagnetic signatures that coincide with known occurrences of mineralization on surface. The overlapping signatures continue across the property for ~14 km and were interpreted to represent the mineralized horizon and demonstrate the resource potential of the property.

### Big Ledge Property Commitments

The Big Ledge Property consists of eight mineral claims. As of the date of the filing of this MD&A, the mineral claims that comprise the Big Ledge Property are in good standing. Based on the date the claims were staked and their respective sizes, the total annual work commitment for Big Ledge Property is approximately \$76,398. Based on the most recent assessment reports filed with the BC Ministry of Mines, Energy and Low Carbon Innovation, the Big Ledge Property good-till date has been extended to February 26, 2025.

## QA/QC PROTOCOL

Rock material from the 2021/22 exploration program on the Ruby Creek Property was collected in poly bags and then transported to the Bureau Veritas sample preparation facility located in Whitehorse, Yukon. Samples were crushed, and then pulps were sent to the Bureau Veritas lab in Richmond, BC for assay. Four acid digestion and Ultratrace ICP-MS analysis for 59 elements and fire assay for gold, platinum and palladium were performed on all samples. Over-limit copper, lead, zinc, and silver samples were analyzed by multi-acid digestion and ICP-ES (MA370). Silver samples >1500 g/t were also analyzed by fire assay (FA530) and lead samples >10% with titration (GC817). Over-limit tungsten was analyzed with lithium borate fusion XRF (XF750). Conversion to WO<sub>3</sub>% = W% x 1.2616. All results noted in the MD&A have passed the QA/QC screening by the lab.

## QUALIFIED PERSON

Ehsan Salmabadi, B.Sc., P.Geo., and VP Exploration for the Company is the Qualified Person as defined by NI 43-101 and has approved all technical information contained herein.

## SELECTED FINANCIAL INFORMATION

	<b>Three months ended May 31, 2022</b>	<b>Year ended February 28, 2022</b>
Net and comprehensive loss	\$ 252,506	\$ 604,864
Loss per share – basic and diluted	\$ 0.01	\$ 0.03
Total assets	\$ 6,305,901	\$ 6,468,414

## RESULTS OF OPERATIONS

During the three-month period ended May 31, 2022, the Company recorded a net loss and comprehensive loss of \$252,506 as compared to net loss and comprehensive loss of \$180,671 for the three-month period ended May 31, 2021.

Increased operating activities including consulting fees, project investigation costs, advertising and promotional expenses, and professional fees had the largest contribution to overall increases in the business expenses the Company incurred during the three-month period ended May 31, 2022, as opposed to the comparative period ended May 31, 2021.

The largest expense item that contributed to the net loss was associated with \$87,275 in consulting fees as compared to \$23,276 the Company incurred during the three-month period ended May 31, 2021, resulting in an increase of \$63,999. Of \$87,275 consulting fees, \$36,207 were associated with fair market value of an option the Company granted to its consultant to acquire 100,000 Common Shares at \$0.81 per Common Share for the period of two years. In addition, the Company incurred \$53,118 in advertising and promotion expenses, which increased by \$21,843 from \$31,275 the Company incurred during the three-month period ended May 31, 2021. The increase in advertising and promotion fees was associated with the Company's continued efforts to increase shareholder awareness of its mineral exploration projects and overall operations. The advertising and promotion fees included a recovery of \$2,400 associated with vested fair market value of an option to acquire up to 100,000 Common Shares at a price of \$0.60 per Common Share the Company granted to its consultant in May of 2021. During the three-month period ended May 31, 2022, the Company recorded \$35,761 in project investigation costs, which were associated with the due-diligence work and exploration expenses on the properties to which during the period ended May 31, 2022, the Company did not have a legal right to, a \$33,269 increase as compared to \$402 the Company incurred in consulting fees during the three-month period ended May 31, 2021. The Company's professional fees increased by \$10,846 to \$13,846 as compared to \$3,000 incurred during the three-month period ended May 31, 2021, the office expenses increased by \$1,943 to \$7,169 as compared to \$5,226 incurred during the three-month period ended May 31, 2021, the regulatory and filing fees increased by \$1,852 to \$9,423 as compared to \$7,571 incurred during the three-month period ended May 31, 2021. These increases were mainly associated with increased operating activities of the Company. The Company also recorded \$3,972 in travel, meals and entertainment expenses, which were associated with resumed traveling needs to represent the Company at various investor conferences, the fees that the Company did not incur in comparative three-month period ended May 31, 2021, as majority of conferences were held virtually due to COVID-related restrictions.

The above operating expenses were offset by a \$54,745 decreased in share-based compensation, which, for the three-month period ended May 31, 2022, amounted to \$23,088, as opposed to \$77,833, the Company recorded during the three-month period ended May 31, 2021. The Company recognized its share-based compensation on vesting of options to acquire Common Shares the Company granted to its management and consultants. During the three-month period the Company granted an option to acquire up to 100,000 Common Share, which vested immediately, however, since it was issued to a consultant for the services, its fair market value was allocated to consulting fees, the share-based compensation was associated with vesting of options the Company granted in its fiscal 2022. During the comparative three-month period ended May 31, 2021, the share-based compensation was determined to be \$77,833, and was associated with share-based compensation recognized on vesting of options to acquire Common Shares the Company granted to its management and consultants during its fiscal 2021.

## SUMMARY OF QUARTERLY RESULTS

Results for the most recently completed financial quarters are summarized in the table below:

<b>Period ended:</b>	<b>Net and comprehensive income/(loss)</b>	<b>Income/(loss) per share; basic and diluted</b>
May 31, 2022	\$ (252,506)	\$ (0.01)
February 28, 2022	\$ (119,704)	\$ (0.00)
November 30, 2021	\$ (216,509)	\$ (0.01)
August 31, 2021	\$ (87,980)	\$ (0.00)
May 31, 2021	\$ (180,671)	\$ (0.01)
February 28, 2021	\$ 24,130	\$ 0.00
November 30, 2020	\$ (113,897)	\$ (0.01)
August 31, 2020	\$ (100,946)	\$ (0.01)

During the quarter ended May 31, 2022, the Company recorded a net loss of \$251,602, which was further increased by \$904 in foreign currency translation on the balances recorded in Arizada, resulting in comprehensive loss of \$252,506. The Company's comprehensive loss was comprised of \$23,088 in share-based compensation associated with vested portion of the options granted to the Company's officers, directors, and consultants to acquire up to 1,490,000 Common Shares (these options were granted during the Company's fiscal 2022 year); \$53,188 in advertising and promotion expenses mainly associated with the Company's efforts to raise awareness about the Company and its operations which included \$2,400 recovery of share-based compensation associated with the options to acquire up to 100,000 Common Shares granted to a consultant for investor relations services; \$87,275 in consulting fees, of which \$36,207 were associated with fair market value of an option the Company granted to a consultant to acquire 100,000 Common Shares at \$0.81 per Common Share for the period of two years; \$35,671 in project investigation costs, which were associated with the due-diligence work and exploration expenses on the properties to which the Company did not have a legal right to; \$13,846 in professional fees; \$9,423 in regulatory and filing fees; \$7,169 in office expenses; and \$3,972 in travel, meals and entertainment expenses, which were associated with resumed traveling needs to represent the Company at various investor conferences. In addition, the Company's net and comprehensive loss was further increased by \$18,000 unrealized loss the Company recognized on revaluation of its investment in Brixton common shares.

During the quarter ended February 28, 2022, the Company recorded a net loss of \$119,704, which was comprised of \$50,261 in share-based compensation associated with vested portion of the options granted to the Company's officers, directors, and consultants to acquire up to 1,490,000 Common Shares (these options were granted during fiscal 2021 and 2022 years); \$53,797 in advertising and promotion expenses mainly associated with the Company's efforts to raise awareness about the Company and its operations which included \$18,761 in share-based compensation associated with the options to acquire up to 200,000 Common Shares granted to a consultant for investor relations services; \$37,082 in consulting fees; \$30,844 in professional fees; and \$5,958 in office expenses. These expenses were in part offset by \$49,649 gain the Company recognized on recovery of flow-through share premium liabilities associated with the FT Shares issued on July 23, 2021, and a recovery of regulatory and filing fees of \$8,426, which resulted from reclassification of certain expenses recorded during the three-month period ended November 30, 2021, as period costs to prepaid expenses.

During the quarter ended November 30, 2021, the Company recorded a net loss of \$216,509, which was comprised of \$58,236 in share-based compensation associated with vested portion of the options granted to the Company's officers, directors, and consultants to acquire up to 1,490,000 Common Shares (these options were granted during fiscal 2021 and 2022 years); \$82,824 in advertising and promotion expenses mainly associated with the Company's efforts to raise awareness about the Company and its operations which included \$46,539 in share-based compensation associated with the options to acquire up to 200,000 Common Shares granted to a consultant for investor relations services; \$117,210 in consulting fees, of which \$33,395 were associated with the share-based compensation for the option to acquire up to 120,000 Common Shares granted to a consulting company for the services; \$28,302 in professional fees; \$6,877 in office expenses; and \$16,435 in regulatory and filing fees. These expenses were in part offset by \$94,922 gain the Company recognized on recovery of flow-through share premium liabilities associated with the FT Shares issued on July 23, 2021.

During the quarter ended August 31, 2021, the Company recorded a net loss of \$87,980, which was comprised of \$112,557 in share-based compensation associated with vested portion of the options granted to the Company's officers, directors, and consultants to acquire up to 1,370,000 Common Shares (these options were granted during fiscal 2021 and 2022 years); \$23,976 in advertising and promotion expenses mainly associated with the Company's efforts to raise awareness about the Company and its operations; \$14,700 in consulting fees; \$15,747 in professional fees; \$10,184 in office expenses; and \$6,205 in regulatory and filing fees. During the quarter ended August 31, 2021, the Company's net and comprehensive loss was further increased by \$60,000 unrealized loss the Company recognized on revaluation of its investment in Brixton common shares. These expenses were in part offset by \$155,429 gain the Company recognized on recovery of flow-through share premium liabilities on the FT Shares issued on July 23, 2021.

During the quarter ended May 31, 2021, the Company recorded a net loss of \$180,671, which was comprised of \$77,833 in share-based compensation associated with vested portion of the options granted to the Company's officers, directors, and consultants to acquire up to 650,000 Common Shares (these options were granted during fiscal 2021 year); \$31,275 in advertising and promotion expenses mainly associated with the Company's efforts to raise awareness about the Company and its operations; \$23,276 in consulting fees; \$7,571 in regulatory and filing fees; \$3,000 in professional fees; and \$2,402 the Company incurred in project investigation costs which were mainly associated with exploratory work done on other prospective claims. During the quarter ended May 31, 2021, the Company's net and comprehensive loss was further increased by \$30,000 unrealized loss the Company recognized on revaluation of its investment in Brixton common shares.

During the quarter ended February 28, 2021, the Company recorded a net income of \$24,130. The largest factor affecting the result of the operations was associated with a \$150,000 recovery of flow-through share premium liabilities the Company recognized on the Flow-Through Common Shares issued on August 14, 2020, which was further increased by \$8,261 gain realized on the sale of the Company's Metla Property, as during the quarter ended February 28, 2021, the Company received the BC Mining Exploration tax credit for exploration work carried out on Metla Property during the Company's fiscal 2020. These amounts were in part offset by \$10,834 in share-based compensation associated with vested portion of the options granted to the Company's officers, directors and consultants to acquire up to 1,650,000 Common Shares (these options were granted during fiscal 2019, 2020, and 2021 years); \$25,843 in professional fees; \$18,174 in advertising and promotion expenses mainly associated with the Company's efforts to raise awareness about the Company and its operations; \$14,716 in consulting fees; \$6,165 in regulatory and filing fees; and \$4,900 the Company incurred in project investigation costs which were mainly associated with consulting fees associated with exploration and project investigation, and exploratory work done on other prospective claims. During the quarter ended February 28, 2021, the Company's net and comprehensive income was further decreased by \$48,000 unrealized loss the Company recognized on revaluation of its investment in Brixton common shares.

During the quarter ended November 30, 2020, the Company recorded a net loss of \$113,897, which was comprised of: \$5,726 in share-based compensation associated with vested portion of the options granted to the Company's officers, directors and consultants to acquire up to 1,025,000 of the Company's Common Shares; \$2,110 the Company incurred in project investigation costs which were mainly associated with consulting fees associated with exploration and project investigation, and exploratory work done on other prospective claims; \$21,243 in professional fees; \$9,112 in consulting fees; \$3,155 in regulatory and filing fees; and \$9,113 in advertising and promotion expenses mainly associated with the Company's efforts to raise awareness about the Company and its operations. The Company's net loss was in part decreased by \$15,000 gain on forgiveness of debt associated with project management fees the Company recorded as due to a related party. During the quarter ended November 30, 2020, the Company recognized a \$10,051 loss on the sale of its Metla Property, and \$66,000 unrealized loss on revaluation of the Company's investment in Brixton common shares.

During the quarter ended August 31, 2020, the Company recorded a net loss of \$100,946, which was comprised of: \$54,652 in share-based compensation associated with vested portion of the options granted to the Company's officers, directors and consultants to acquire up to 1,025,000 of the Company's Common Shares; \$8,823 the Company incurred in project investigation costs which were mainly associated with consulting fees associated with exploration and project investigation, and exploratory work done on other prospective claims; \$12,809 in professional fees; \$12,390 in consulting fees; \$15,164 in regulatory and filing fees; and \$11,569 in advertising and promotion expenses mainly associated with the Company's efforts to raise awareness about the Company and its operations. The Company's net loss was in part decreased by \$19,856 recovery of flow-through share premium liabilities the Company recognized on the flow-through Common Shares issued on December 20, 2019.

## LIQUIDITY AND CAPITAL RESOURCES

	May 31, 2022	February 28, 2022
Working capital	\$ 447,870	\$ 1,044,645
Deficit	\$ 1,810,457	\$ 1,558,855

As at May 31, 2022, the Company's current assets were \$714,830 (February 28, 2022 - \$1,400,757) and current liabilities were \$266,960 (February 28, 2022 - \$356,112), resulting in a working capital of \$447,870 (February 28, 2022 - \$1,044,645). The current assets consisted of \$293,496 in cash (February 28, 2022 - \$953,389), \$113,990 in GST receivable (February 28, 2022 - \$93,680), \$121,344 in prepaid expenses (February 28, 2022 - \$149,688), and \$186,000 in marketable securities (February 28, 2022 - \$204,000). As at May 31, 2022, and February 28, 2022, the Company had used all of the cash that was reserved for funding exploration expenses qualifying as "flow-through mining expenditures" (within the meaning of the Income Tax Act (Canada)).

The Company's current liabilities decreased by \$89,152, or 25%, which resulted from the \$88,602 decrease in accounts payable to \$22,538 (February 28, 2022 - \$111,140), and the \$13,005 or 17% decrease in the amounts due to related parties, which at May 31, 2022, amounted to \$64,896, as compared to \$77,901 as at February 28, 2022, and was associated with services and reimbursable expenses owed to related parties mainly on account of the Ruby Creek summer exploration program. The accrued liabilities increased by \$12,455 to \$59,526, as compared to \$47,071 at February 28, 2022, and were associated with increased accruals for exploration work on the Ruby Creek and the Big Ledge properties, which were billed subsequent to the quarter-end.

During the three-month period ended May 31, 2022, the Company's operations were supported by \$60,000 the Company received on issuance of 100,000 Common Shares on exercise of share purchase options to acquire Common Shares.

The Company did not generate sufficient cash flows from its operating activities to satisfy its cash requirements for the three-month period ended May 31, 2022. The cash that the Company has generated since its inception on July 7, 2017, to May 31, 2022, has been generated mainly from the sales of Common Shares and, to a smaller extent, from related party loans.

The Company is cognisant that, in order to continue the scheduled exploration program on the Company's mineral properties and to support the Company's operations for the next 12-month period and beyond, the Company will be required to raise additional financing, which may be done through private loans, sale of marketable securities, where permissible, sale of additional Common Shares or other equity interests in the Company, and/or through possible joint ventures. Although the Company has succeeded in raising funds as needed, this trend is not guaranteed to continue into the future. Although the Company has succeeded in raising funds as needed, this trend is not guaranteed to continue into the future. Many factors, including, but not limited to, issues related to the COVID-19 pandemic, downturn of the economy, or a significant decrease in the price of minerals, could affect the willingness of potential investors to invest in grass-roots exploration projects. If the Company is unable to generate sufficient cash flow as and when needed, the Company may be required to curtail, or even to cease, its operations.

## TRANSACTIONS WITH RELATED PARTIES

During the three-month periods ended May 31, 2022 and 2021, the Company had the following transactions with related parties:

	Three months ended May 31,	
	2022	2021
Consulting fees paid or accrued to the Company's CEO	\$ 6,000	\$ 6,000
Accounting fees paid or accrued to the Company's CFO	2,869	3,000
Consulting fees paid to the Company's Corporate Secretary	8,654	4,729
Project management and mineral exploration fees paid or accrued to an entity controlled by the common-law spouse of the Company's co-founder and major shareholder	6,000	6,000
Mineral exploration and general business consulting fees paid or accrued to an entity controlled by the VP of Exploration	19,227	26,250
Share-based compensation for options granted to directors and officers	15,480	56,663
Payroll expenses on stock options exercised by directors and officers	-	4,791
<b>Total related party transactions</b>	<b>\$ 58,230</b>	<b>\$ 107,433</b>

In addition to the above transactions, on December 28, 2021, the Company issued to Global Drilling an unsecured demand promissory note in the amount of \$120,000 in lieu of the cash payment required to exercise the third Ruby Creek Option. The initial six-month term of the Note Payable bore no interest. As of June 28, 2022, the interest is accrued at 0.5% per month compounded monthly. The Note Payable is unsecured and, after initial six-month period, payable on demand. As at May 31, 2022, the full \$120,000 remained unpaid (February 28, 2022 - \$120,000).

Amounts due to related parties consist of amounts owed directly to the officers and directors of the Company, or to the companies controlled by them, for the professional services or for the expenses incurred on behalf of the Company. These amounts are unsecured, non-interest bearing, and due on demand. At May 31, 2022, the Company owed a total of \$64,896 (February 28, 2022 - \$77,901) to its related parties.

### OUTSTANDING SHARE DATA

As at the date of this MD&A, the following securities were outstanding:

Type	Amount	Conditions
Common Shares	26,147,776	Issued and outstanding.
Stock options	535,000	Exercisable into 535,000 Common Shares at a price of \$0.20 per share expiring on August 6, 2024. All these options are fully vested and are exercisable assuming holders remain eligible per the terms of the Company's option plan.
Stock options	380,000	Exercisable into 380,000 Common Shares at a price of \$0.25 per share expiring on February 28, 2025. All these options are fully vested and are exercisable assuming holders remain eligible per the terms of the Company's option plan.
Stock options	625,000	Exercisable into 625,000 Common Shares at a price of \$0.50 per share expiring on July 18, 2023. All these options are fully vested and are exercisable assuming holders remain eligible per the terms of the Company's option plan.
Stock options	100,000	Exercisable into 100,000 Common Shares at a price of \$0.60 per share expiring on May 23, 2023. All these options are fully vested and are exercisable assuming holders remain eligible per the terms of the Company's option plan.
Stock options	445,000	Exercisable into 445,000 Common Shares at a price of \$0.60 per share expiring on February 6, 2024. The options vest quarterly beginning on November 6, 2021, in equal portions. As of the date of this MD&A, 333,750 options have vested, and 111,250 options remain to be vested assuming the holders remain eligible per the terms of the Company's

Type	Amount	Conditions
Stock options	100,000	option plan. Exercisable into 100,000 Common Shares at a price of \$0.60 per share expiring on August 6, 2023. The options vest quarterly beginning on November 6, 2021, in equal portions. As of the date of this MD&A, 75,000 options have vested, and 25,000 options remain to be vested assuming the holder remains eligible per the terms of the Company's option plan.
Stock options	60,000	Exercisable into 60,000 Common Shares at a price of \$0.60 per share expiring on November 9, 2023. The options vested on the date of grant, and are exercisable assuming holder remains eligible per the terms of the Company's option plan
Stock options	100,000	Exercisable into 100,000 Common Shares at a price of \$0.81 per share expiring on April 20, 2024. The options vested on the date of grant, and are exercisable assuming holder remains eligible per the terms of the Company's option plan
	28,492,776	Total Common Shares outstanding (fully diluted)

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies adopted by the Company have been described in the notes to the audited financial statements for the year ended February 28, 2022.

### Recent accounting standards and interpretations

Accounting standards, amendments to standards, or interpretations have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## RISKS AND UNCERTAINTIES

The Company's activity of natural resource exploration is considered to be very high risk. Companies in this industry are subject to many and varied kinds of risks, including, but not limited to, environmental, commodity prices, political and economic, with some of the most significant risks and uncertainties affecting the Company being the following in addition to other risks disclosed in this MD&A:

- Substantial expenditures are required to explore for mineral reserves and the chances of identifying economical reserves are extremely small;
- The Company expects to continue to incur losses from operations unless and until such time as any of its mineral properties enter into commercial production and generate sufficient revenues to fund its continuing operations;
- The Company has very limited experience in placing mineral resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource properties into production.
- The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience, and technical capabilities than the Company. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

- The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (a) the ability to design and carry out appropriate exploration programs on its mineral properties; (b) the ability to produce minerals from any mineral deposits that may be located; (c) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (d) the ability and the operating resources to develop and maintain the properties held by the Company. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities.
- Uncertainty of Resource Estimates/Reserves: Unless otherwise indicated, mineralization figures presented in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by Company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance that: a) these estimates will be accurate; b) reserves, resource or other mineralization figures will be accurate; or c) this mineralization could be mined or processed profitably. Because the Company has not commenced production at any of its properties and has not defined or delineated any proven or probable reserves on any of its properties, mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. The resource estimates contained in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for gold, silver, molybdenum, nickel, copper, zinc, lead, tungsten, or other metals may render portions of the Company's mineralization uneconomic and result in reduced reported mineralization. Any material reductions in estimates of mineralization, or of the Company's ability to extract this mineralization, could have a material adverse effect on the Company's results of operations or financial condition. The failure to establish additional proven or probable reserves could restrict the Company's ability to successfully implement its strategies for long-term growth.
- The Company's mineral exploration programs are weather-dependent and unusual conditions, such as unexpected levels of snow cover on the Company's Properties, may lead to delays in all or a portion of the planned exploration programs. The Company may mitigate this by moving and rescheduling personnel and work, however no guarantee that these measures may be sufficient enough to allow field exploration programs to continue as planned;
- Although the Company acquires the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights through the applicable courts can be costly and time consuming. In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no impediments to surface access. However, in areas where there are local populations or landowners, it is necessary, as a practical matter, to negotiate surface access. There can be no guarantee that, despite having the right at law to access the surface and carry on exploration and mining activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction. The Company has not, to date, experienced any problems in gaining access to any of its properties.
- Management anticipates that costs at the Company's projects will frequently be subject to variation from one year to the next due to a number of factors, such as the results of ongoing exploration activities (positive or negative), changes in the nature of mineralization encountered, and revisions to exploration programs, if any, in response to the foregoing. In addition, exploration program costs are affected by the price of commodities such as fuel, rubber and electricity and the availability (or otherwise) of consultants and drilling contractors. Increases in the prices of such commodities or a scarcity of consultants or drilling contractors could render the costs of exploration



programs to increase significantly over those budgeted. A material increase in costs for any significant exploration programs could have a significant effect on the Company's operating funds and ability to continue its planned exploration programs.

- The junior resource market, where the Company raises funds, is extremely volatile and there is no guarantee that the Company will be able to raise funds as and when required;
- Although the Company has taken steps to verify title to the mineral properties in which it has an interest, there is no guarantee that such properties will not be subject to title or undetected defects, or the rights of indigenous peoples.
- The Company is subject to the laws and regulations relating to environmental matters, including provisions relating to reclamation, discharge of hazardous material and other matters. The Company conducts its exploration activities in compliance with applicable environmental protection legislation and is not aware of any existing environmental problems related to its properties that may cause material liability to the Company; and

## **FINANCIAL INSTRUMENTS**

### **Fair Value**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 — quoted prices in active markets for identical assets and liabilities.

Level 2 — observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 — unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The Company measures its cash and marketable securities at fair value using level 1 inputs. Accounts payable, accrued liabilities, due to related parties, and note payable are classified as other liabilities, and their fair values approximate their carrying values due to the short terms to maturity.

### **Capital Management**

The Company manages its capital to safeguard the Company's ability to continue as a going concern, to ensure future benefits to stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-form prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. As at the date of this MD&A, the Company does not have any debt that is subject to externally imposed capital requirements.

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, and market risk. Where material, these risks are reviewed and monitored by the Board of Directors.

#### *a) Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can only do so at excessive cost. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is considered to be in the exploration stage; thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is deposited in business accounts with quality financial institutions, is available on demand for the Company's programs, and is not invested in any asset backed commercial paper.

b) *Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, prepaid expenses, and GST receivable. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and other assets with high-credit quality financial institutions.

c) *Market risk*

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

i. Currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has minimal financial risk arising from fluctuations in foreign exchange rates as the Company does not own foreign currency denominated financial assets or liabilities.

ii. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has minimal interest rate risk as it has no interest accumulating financial assets that may become susceptible to interest rate fluctuations.

iii. Price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks. The Company is exposed to equity price risk as a result of its investment in marketable securities represented by common shares of Brixton. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

## **CONTINGENCIES**

The Company has no contingent liabilities.

## **ADDITIONAL INFORMATION**

Additional information concerning the Company and its operations is available on SEDAR at [www.sedar.com](http://www.sedar.com).