

**Vatic Ventures Corp.**

**Management's Discussion & Analysis**

**For The Six Months Ended**

**August 31, 2024**

**VATIC VENTURES CORP.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**THE SIX MONTHS ENDED AUGUST 31, 2024**

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**OVERVIEW**

The following management discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for Vatic Ventures Corp. (the "Company") and should be read in conjunction with the unaudited condensed consolidated financial statements for the period ended August 31, 2024, and the audited consolidated financial statements for the years ended February 29, 2024 and February 28, 2023, which are filed on the SEDAR+ website: [www.sedarplus.ca](http://www.sedarplus.ca).

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). This document has been reviewed by the Audit Committee of the Board of Directors of the Company and has been approved by the Board of Directors on October 25, 2024. All amounts are expressed in Canadian dollars unless otherwise stated.

The financial information in this MD&A is derived from the Company's consolidated financial statements. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results.

**DESCRIPTION OF THE COMPANY'S BUSINESS**

The Company was incorporated on October 30, 2007 and was classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). Until January 26, 2011, the principal business of the Company was the identification and evaluation of assets of a business and once identified or evaluated, to negotiate an acquisition of or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities (as that term is defined in Policy 2.4).

On May 17, 2010 and further amended on January 13, 2011, the Company announced that it entered into an option agreement to acquire an undivided 100% interest in a property consisting of 14 claims, covering 7,176 hectares in the southwest of Merritt, British Columbia (see "Mineral Interests"). On January 26, 2011, the Exchange accepted the filing of the Company's Qualifying Transaction. As a result, the Company is listed on the Exchange as a Tier 2 mining exploration issuer and the common shares resumed trading on the Exchange on January 27, 2011 under the TSX Venture Exchange symbol "VCV".

On June 20, 2012, the Company incorporated two wholly owned subsidiaries VV Mining Exploration Services Mexico S. DE. R. I. and VV Mining Mexico S. DE R. I. C. V. to carry out the exploration of the La Silla West claims in the State of Sinaloa, Mexico. As at February 29, 2024, the two subsidiaries were inactive.

The Company was engaged in exploration and development of mineral properties. At this time, the Company does not own any operating mines and has no operating income from mineral production. Funding for operations is raised primarily through public and private share offerings. Future operations and the Company's ability to meet its mineral interest commitments are dependent on the Company's ability to raise sufficient funds through share offerings, debt, or operations to support current and future expenditures.

Effective April 15, 2021, the Company's listing was transferred to New Securities Stock Exchange (NEX). The trading symbol for the Company changed from VCV to VCV.H. Effective April 22, 2022, the Company was relisted from the NEX to the TSX Venture Exchange.

On May 4, 2021, the Company consolidated its common share on a 10:1 basis.

On May 14, 2024, the Company received Exchange approval to enter into a share purchase agreement with arm's length vendors (the "Optionors") to acquire a 100% interest in 1432714 B.C. Ltd., a private company ("Privco") which holds an option (the "Underlying Option") to acquire a property ("Solonópole South") from an underlying optionor (the "Underlying Optionor"). This transaction is accounted for as an asset acquisition. The Company accounts for Privco in accordance with IFRS 10, Consolidated Financial Statements.

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On July 5, 2024, Matthew Mikulic resigned as a director of the Company and Thomas Wilson joined as a director of the Company.

**OVERALL PERFORMANCE**

**Loans payable, deferred transaction costs and other**

There are many external factors that can adversely affect general workforces, economies, and financial markets globally. Examples include, but are not limited to, the political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

During the year ended February 28, 2021, the Company entered into a Canada Emergency Business Account ("CEBA") loan with the Government of Canada. The amount of the loan is \$60,000 from the Government of Canada. The CEBA Loan has an initial term that expires on December 31, 2023, throughout which, the CEBA Loan remains interest free. Since the balance was not paid by January 18, 2024, the \$60,000 CEBA Loan has been converted to loan with 5% annual interest and a maturity date of December 31, 2026. The Company incurred \$345 interest expenses during the year ended February 29, 2024. The \$345 interest expenses included a \$271 interest payment and \$74 of accrued interest. The Company incurred \$740 interest expenses during the period ended August 31, 2024.

During the year ended February 29, 2024, the Company received loans from a third-party shareholder for total of \$218,184. The loans are unsecured, bear no interest and are repayable on demand. During the year ended February 29, 2024, the Company repaid \$58,050 loan principal. As of February 29, 2024, total remaining loan principal is \$160,134. During the period ended August 31, 2024, the Company repaid \$14,533 loan principal. As of August 31, 2024, total remaining loan principal is \$145,601.

During the period ended August 31, 2024, the Company assumed a \$57,513 loan when acquiring Privco. As of August 31, 2024, the total remaining loan balance is \$60,077 including \$2,564 accrued loan interest.

**Hansen Gold Property in Northern Quebec**

On September 21, 2021, the Company entered into an option agreement with Shadow Ventures Corp. ("Shadow") to acquire a gold exploration property known as the Hansen prospect located in the Chibougamau area of northern Quebec (the "Hansen Property").

Shadow acquired the right to acquire the Hansen Property from Fayz Yacoub and Ramy Yacoub (the "Underlying Optionors") pursuant an agreement dated October 1, 2020, an amending agreement dated April 8, 2021, and a second amending agreement dated August 9, 2021 (together, the "Underlying Option Agreement"). The Company has agreed, pursuant to its option agreement with Shadow (the "Vatic Option Agreement") to option the rights and obligations from Shadow as provided for in the Underlying Option Agreement by satisfying the requirements of the Underlying Option Agreement and by providing Shadow with additional consideration. The Underlying Option Agreement was further amended on September 30, 2021, October 1, 2021, October 31, 2021, September 30, 2022, and September 20, 2023. The below requirements are reflective of such amendments.

In order to satisfy the requirements of the Underlying Option Agreement and the Vatic Option Agreement the Company will, issue the shares, make the cash payments and complete the exploration expenditures as follows:

Shares:

- a) At the option of the Company, either issue 500,000 shares or issue such number of shares equal to \$100,000 prior to October 1, 2021\*;
- b) On closing, issue 7,000,000 shares which will be issued pro rata to the shareholders of Shadow\*;
- c) On the date that a National Instrument 43-101 Technical Report on the Hansen Property is submitted to the Exchange, at the option of the Company, either issue an additional 500,000 shares or such number of shares equal to \$100,000\*\*;

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- d) On or before December 31, 2022 a further 250,000 shares\*\*\*; and
- e) On or before October 31, 2023 a further 250,000 shares\*\*\*.

*\* During the year ended February 28, 2023, Exchange approval was granted and the Company issued the shares with a value of \$1,875,000.*

*\*\* During the year ended February 28, 2023, the Company submitted the National Instrument 43-101 Technical Report and issued the shares with a value of \$125,000.*

*\*\*\* During the year ended February 29, 2024, Exchange approval was granted and the Company issued the shares with a value of \$65,000.*

Cash:

- a) \$25,000 on or before October 8, 2021 (paid);
- b) \$55,000 payable on the date the Exchange approve the Option Agreement (paid);
- c) \$10,000 on October 1, 2022 (paid);
- d) \$15,000 on October 31, 2023 (\$1,500 paid, the remaining \$13,500 yet to be paid);
- e) \$25,000 on February 1, 2024 (unpaid); and
- f) \$20,000 on October 1, 2024.

Expenditures:

On or before the following dates, the Company is required to incur exploration expenditures of:

- a) \$50,000 on or before March 31, 2022 (incurred); and
- b) A further \$200,000 on or before October 31, 2025.

As at February 29, 2024, the Company is not in compliance with the Underlying Option Agreement. However, the Company has not received any notices of termination. The Company intends to continue pursuing the project.

**Sister's Mountain in New Brunswick**

On February 14, 2023, the Company entered into an option agreement with Commitment Capital Inc. ("CCI") whereby it has an option to acquire a 100% interest in a Rare Earth Elements (REE) and polymetallic claims package known as the Sister's Mountain prospect (the "Property"), located in Southwestern New Brunswick, which totals 8 claim blocks comprising 975 claim units covering 243 km<sup>2</sup>.

CCI acquired the right to acquire the Sister's Mountain Property from Wayne Lockhart (the "Optionor") pursuant to an agreement dated December 11, 2022 (the "Sister's Mountain Property Underlying Option Agreement"). The Company has agreed, pursuant to its option agreement with CCI to option the rights and obligations from CCI as provided for in the Sister's Mountain Property Underlying Option Agreement by satisfying the requirements of the Sister's Mountain Property Underlying Option Agreement and by providing CCI with certain consideration as follows.

Cash:

- a) \$15,000 on the date the Exchange approves the option agreement (\$10,000 paid and recognized as deferred acquisition costs);
- b) additional \$22,000 paid in deferred acquisition costs during the year ended February 29, 2024.

Shares:

- a) 10,000,000 shares to be issued on the date the Exchange approves the Vatic Sister's Mountain Property Option Agreement;
- b) 2,000,000 shares to be issued on the first anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2023).

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In order to satisfy the requirements of the Underlying Option Agreement to the Underlying Optionor and CCI, the Optionee will issue the shares and make the cash payments to the Underlying Optionor and CCI and complete the exploration expenditures on the Property as follows:

Shares:

- a) the lessor of 500,000 shares or such number of shares having a trade value of \$100,000 at the time of issuance upon the Exchange's acceptance of a National Instrument 43-101 Standards of Disclosure for Mineral Projects technical report (the "NI 43-101 Report") on the Sister's Mountain Property;
- b) 500,000 shares to be issued on the first anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2023);
- c) 500,000 shares to be issued on the second anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2024);
- d) 500,000 shares to be issued on the third anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2025);
- e) 500,000 shares to be issued on the fourth anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2026); and
- f) 500,000 shares to be issued on the fifth anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2027).

Cash:

- a) \$90,000 payable on upon the Exchange's acceptance of the NI 43-101 Report;
- b) \$50,000 payable on the second anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2024);
- c) \$50,000 payable on the third anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2025);
- d) \$50,000 payable on the fourth anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2026); and
- e) \$100,000 payable on the fifth anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2027).

Expenditures:

On or before the following dates, the Company is required to incur exploration expenditures of:

- a) Up to \$35,000 for the production and submission of the NI 43-101 Report;
- b) \$250,000 on or before the first anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2023);
- c) \$300,000 on or before the second anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2024);
- d) \$350,000 on or before the third anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2025);
- e) \$400,000 on or before the fourth anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement (December 11, 2026); and
- f) \$450,000 on or before the fifth anniversary of the execution of the Sister's Mountain Property Underlying Option Agreement for an aggregate total of \$1,785,000 (December 11, 2027).

The Sister's Mountain Property is subject to various net smelter returns royalties totaling 3% to various parties, 1% of which can be repurchased by the Company by the payment of \$1,000,000 to one of the royalty holders that currently holds 2% of the 3% total royalties.

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Contingencies:

On February 28, 2023, the Company has been advised that it, along with the Optionor and CCI, has been named as defendants in a lawsuit ("Notice of Civil Claim") commenced by Mayne Minerals Inc. ("Mayne"), a private company, wherein Mayne alleges that certain mineral claims comprising part of the Sister's Mountain Property (the "Claims") were improperly staked for the benefit of the Optionor rather than for Mayne. During the year ended February 29, 2024, the Company has filed a Response to Civil Claim. In the opinion of management, the ultimate disposition of the matter is not determinable as it is too early to provide an assessment given it was recently commenced, but the Company will vigorously defend and enforce its right to purchase the Claims in good faith.

**Solonópole South in Brazil**

Subsequent to the year ended February 29, 2024, the Company received Exchange approval to enter into a share purchase agreement with arm's length vendors (the "Optionors") to acquire a 100% interest in 1432714 B.C. Ltd., a private company ("Privco") which holds an option (the "Underlying Option") to acquire a property ("Solonópole South") from an underlying optionor (the "Underlying Optionor"). The parties also entered into amendments to amend the terms of the agreements.

The Company issued 6,000,000 Shares for the acquisition of Privco. These shares are subject to value escrow agreements which will result in the shares being released from escrow on the basis of 10% on Exchange approval and 15% every six months thereafter.

In accordance with the terms of the Underlying Option, Privco made payments to the Underlying Optionor of USD\$4,000 and USD\$40,000.

Pursuant to the amended terms, the Company is required to make further varying annual cash payments totaling US\$400,000 and to issue an aggregated US\$400,000 worth of the Company's shares over three years.

**Opuwo in Namibia**

On July 25, 2024, the Company entered into a share purchase agreement with arm's length vendors to acquire, subject to Exchange approval, the shares of a private company which has the right to acquire up to a 80% interest in a highly prospective copper property in Namibia (the "Opuwo Property"). As of the date of this MD&A, the Company is carrying out due diligence.

**SELECTED ANNUAL INFORMATION**

Summary of financial information for years ended February 29, 2024, February 28, 2023, and February 28, 2022 as follows:

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	<b>Years ended</b>		
	<b>February 29, 2024</b>	<b>February 28, 2023</b>	<b>February 28, 2022</b>
<b>Continued operations</b>			
Loss and comprehensive loss for the year	\$ (1,272,320)	\$ (1,229,935)	\$ (838,635)
Basic and diluted loss per share	(0.04)	(0.05)	(0.08)
Total assets	2,264,458	2,379,703	161,010
Total liabilities	1,333,703	424,065	478,373

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**RESULTS OF OPERATIONS**

The Company has no operating revenue. The Company's expenses related primarily to business development, office and miscellaneous, professional fees for accounting and legal, consulting fees, management fees, transfer agent and filing fees,

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and share-based payments. The Company does not have any business and is actively looking for a new business.

Six months ended August 31, 2024

The Company had a loss and comprehensive loss of \$122,608 for the six months ended August 31, 2024 (August 31, 2023 - \$243,442).

The overall loss for the Company during the six months ended August 31, 2024 was lower than six months ended August 31, 2023. Major expense accounts variances in the current period include business development of \$7,907 (August 31, 2023 - \$68,058), office and miscellaneous of \$1,484 (August 31, 2023 - \$3,321), share-based payments of \$nil (August 31, 2023 - \$35,707), travel, and meals and entertainment of \$1,115 (August 31, 2023 - \$10,281)

Three month period ended August 31, 2024

The Company had a net and comprehensive loss of \$70,496 for the three month period ended August 31, 2024 (August 31, 2023 - \$84,954).

The overall loss for the Company decreased during the three months ended August 31, 2024 mostly due to business development and professional fees. Major expense accounts variances in the current three month period include business development of \$2,139 (August 31, 2023 - \$16,235), and professional fees of \$3,727 (August 31, 2023 - \$45,843).

**SUMMARY OF QUARTERLY FINANCIAL RESULTS**

The Company's quarterly operating results for the period from November 30, 2022 to August 31, 2024 are summarized as follows:

	November 30, 2022	February 28, 2023	May 31, 2023	August 31, 2023	November 30, 2023	February 29, 2024	May 31, 2024	August 31, 2024
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net income (loss)	(139,548)	(522,097)	(158,488)	(84,954)	(277,058)	(751,820)	(52,112)	(70,496)
Basic and diluted net loss per share	(0.01)	(0.02)	(0.01)	(0.00)	(0.01)	(0.03)	(0.00)	(0.01)

Fluctuations in the Company's expenditures reflect the ongoing efforts of the Company to raise capital for its projects. Variations in losses during quarters were due to the changes in business development fees, management fees, consulting fees, directors' fees and professional fees that were incurred. Also, as the Company attends to its mineral projects, office and administrative expenses could increase to support the operation of these projects.

Major variations between the quarter ended August 31, 2022 and November 30, 2022, were primarily due to expense recoveries during the quarter ended November 30, 2022.

Major variations between the quarter ended November 30, 2022 and February 28, 2023, were primarily due to share-based payments during the quarter ended February 28, 2023.

Major variations between the quarter ended February 28, 2023 and May 31, 2023, were primarily due to audit related expenses during the quarter ended February 28, 2023.

Major variations between the quarter ended May 31, 2023 and August 31, 2023, were primarily due to share-based payments and travel, meals and entertainment expenses during the quarter ended May 31, 2023.

Major variations between the quarter ended August 31, 2023 and November 30, 2023, were primarily due to share-based payments and business development and consulting fees.

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Major variations between the quarter ended November 30, 2023 and February 29, 2024, were primarily due to Indemnity and Part XII.6 tax on flow-through during the quarter ended February 29, 2024.

Major variations between the quarter ended February 29, 2024 and May 31, 2024, were primarily due to audit related expenses during the quarter ended February 29, 2024.

Major variations between the quarter ended May 31, 2024 and August 31, 2024, were primarily due to consulting fees and professional fees during the quarter ended August 31, 2024.

**LIQUIDITY AND CAPITAL RESOURCES**

As of August 31, 2024, the Company had a net working capital deficiency of \$1,196,228 (February 29, 2024 - \$1,252,219) and cash of \$129,627 (February 29, 2024 - \$1,819). The Company anticipates that given its current cash position it will have to raise funds for the coming periods to support future expenditures.

**Cash Flow Activities:**

Cash balances increased by \$127,808 during the year ended August 31, 2024, while decreased by \$38,044 during the six months ended August 31, 2023. Below are detailed discussions related to the Company's cash flows.

Operating Activities

During the six months ended August 31, 2024, cash used in operating activities was \$93,771, compared to cash used in operating activities of \$153,044 during the six months ended August 31, 2023.

Financing Activities

Cash provided by financing activities during the six months ended August 31, 2024 was \$294,091, compared with cash provided by financing activities of \$137,500 during the six months ended August 31, 2023.

Investing Activities

Cash used in investing activities was \$72,512 during the six months ended August 31, 2024, compared with \$22,500 during the six months ended August 31, 2023.

**Summary of Share and Other Activities:**

As of August 31, 2024, the Company had a shareholders' equity of \$1,539,258 (February 29, 2024 - \$930,755). The Share Capital to date was from proceeds received from the issuance of common shares. The Company did not have any revenues during the six months ended August 31, 2024 and 2023. Until the Company's property interests generate profits sufficient to maintain operations, the ability of the Company to meet financial liabilities and commitments is primarily dependent upon the continued issuance of equity to new or existing shareholders.

At August 31, 2024, there were 41,110,837 issued and outstanding common shares.

During the six months ended August 31, 2024, the Company:

- a) The Company issued 6,000,000 shares pursuant to the acquisition of 1432714 B.C. Ltd. with a value of \$480,000.
- b) The Company issued 1,171,152 shares for proceeds of \$ 93,692 from the exercise of options.
- c) The Company closed a non-brokered private placement consisting of 3,474,100 units at \$0.05 per unit for aggregate gross proceeds of \$173,705. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable for an additional common share of the Company at \$0.075 for a two year period.

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In connection with the private placement, the Company paid cash finders' fees of \$8,286 and issued 165,720 finders' warrants with a value of \$4,254. Each finders' warrant entitles the holder to purchase one common share of the Company at a price of \$0.075 for a period of 24 months. The finder's warrants were valued using the Black-Scholes model with the following inputs: expected life of 2 years, discount rate of 3.31%, volatility of 133% and dividend yield of nil.

During the year ended February 29, 2024:

- a) The Company issued 250,000 shares pursuant to the option agreement of Hansen Gold Property with a value of \$45,000.
- b) The Company issued 250,000 shares pursuant to the option agreement of Hansen Gold Property with a value of \$20,000.
- c) The Company issued 254,075 shares for proceeds of \$20,326 from the exercise of options.

Authorized:		
Unlimited common shares, without par value.		
	Number of shares	Share capital
Balance, February 28, 2023	29,711,510	12,996,404
Shares issued for exploration and evaluation assets	500,000	65,000
Fair value reversal of options exercised		15,264
Options exercised	254,075	20,326
Balance, February 29, 2024	30,465,585	13,096,994
Private placement	3,474,100	173,705
Shares issued for exploration and evaluation assets	6,000,000	480,000
Finder's fee		(8,286)
Fair value of agent's warrants granted		(4,254)
Options exercised	1,171,152	93,692
Balance, August 31, 2024	41,110,837	13,831,851

On September 3, 2024, The Company issued 240,557 common shares at \$0.07 per share to settle \$16,839 of debt of the Company to an arms-length creditor. The shares issued pursuant to the debt settlement are subject to a 4 month plus 1 day hold period

As of the date of this report, and following the consolidation, financing and shares for debt, the Company had the following outstanding:

- 41,351,394 common shares
- 5,647,820 warrants
- 900,000 options

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements as at August 31, 2024, or as of the date of this report.

**TRANSACTIONS WITH RELATED PARTIES**

The amounts due to related parties are amounts due to the officer and directors of the Company. The balances are unsecured, non-interest bearing and have no specific terms for repayment. These transactions are in the normal course of operations

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and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties. The amounts due to related parties during the six months ended on August 31, 2024 and the year ended February 29, 2024 are as follows:

Due to related parties	August 31, 2024		February 29, 2024	
CFO	\$	13,863	\$	9,978
Total	\$	13,863	\$	9,978

During the six months ended August 31, 2024 and August 31, 2023, the Company paid and accrued management and consulting fees to its officers as follows:

Consulting fees	Six months ended			
	August 31, 2024		August 31, 2023	
CFO	\$	4,000	\$	24,000
	\$	4,000	\$	24,000

**PROPOSED TRANSACTIONS**

The Company has no proposed transactions as at the date of this report.

**CRITICAL ACCOUNTING ESTIMATES**

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows. Significant estimates made by management include the following:

1) Share-Based Payments

Equity-settled share-based awards are recognized as an expense based on their fair value at date of grant. The fair value of equity-settled share options and warrants are estimated through the use of a valuation model – Black-Scholes, which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life, and is expensed over the vesting period. Using different input estimates or models produces different option values, which would result in the recognition of a higher or lower expense.

2) Economic recoverability of exploration and evaluation assets

Management has determined that exploration and evaluation costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

3) Income taxes

Provisions for income and other taxes are based on management's interpretation of taxation laws, which may differ from the interpretation by taxation authorities. Such differences may result in eventual tax payments differing from amounts accrued. Reported amounts for deferred tax assets and liabilities are based on management's expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may

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result in changes to the carrying value, if any, or deferred income tax assets and liabilities.

For a detailed summary of the Company's significant accounting policies, the reader is directed to Note 3 of the consolidated audited financial statements for the year ended February 29, 2024 available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

**RISKS AND UNCERTAINTIES**

The Company believes that the following risks and uncertainties may materially affect its success.

**Limited Operating History**

The Company is a relatively new company with limited operating history and no history of business or mining operations, revenue generation or production history. The Company was incorporated on October 30, 2007 and has yet to generate a profit from its activities. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

**Exploration, Development and Operating Risks**

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company's resource base.

The Company's operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity; flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

**Fluctuating Mineral Prices**

The economics of mineral exploration is affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the Property.

**Substantial Capital Requirements and Liquidity**

Substantial additional funds for the establishment of the Company's current and planned mining operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable

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to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, and pursue only those development plans that can be funded through cash flows generated from its existing operations.

### **Regulatory Requirements**

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new properties.

### **Financing Risks and Dilution to Shareholders**

The Company will have limited financial resources, no operations and no revenues. If the Company's exploration program on its properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

### **Title to Properties**

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to the Property will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company, as the case may be, does not have title to the properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

### **Requirement for Permits and Licenses**

As the Company holds an option to acquire the properties, subject to the NSR and it and may need to acquire further permits or licenses necessary to carry on proposed exploration activities on the properties. A substantial number of permits and licenses may be required should the Company proceed beyond exploration; such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether the Company will be able to obtain all such licenses and permits.

### **Competition**

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

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**Reliance on Management and Dependence on Key Personnel**

The success of the Company will be largely dependent upon on the performance of the directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

**No Mineral Reserves or Mineral Resources**

The property in which the Company holds an interest is considered to be an early exploration stage property, however no mineral reserve or mineral resource estimates have been prepared in respect of the property. Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades, may cause a mining operation to be unprofitable in any particular accounting period.

**Environmental Risks**

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

**Governmental Regulations and Processing Licenses and Permits**

The activities of the Company are subject to Canadian, provincial and Thailand approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the mining licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.

**Local Resident Concerns**

Apart from ordinary environmental issues, work on, or the development and mining of the properties could be subject to resistance from local residents that could either prevent or delay exploration and development of the properties.

**Conflicts of Interest**

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business

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activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The British Columbia Business Corporations Act ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

**Uninsurable Risks**

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company shares. The Company does not intend to maintain insurance against environmental risks.

**Litigation**

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

**Dividends**

To date, the Company has not paid any dividends on its outstanding shares. Any decision to pay dividends on the shares of the Company will be made by its board of directors on the basis of the Company's earnings, financial requirements and other conditions.

**FORWARD-LOOKING STATEMENTS**

This MD&A contains forward-looking statements. Forward-looking statements are projections of events, revenues, income, future economic performance or management's plans and objectives for future operations. In some cases, you can identify forward-looking statements by the use of terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. Examples of forward-looking statements made in this MD&A include statements about the Company's business plans; the costs and timing of its developments; its future investments and allocation of capital resources; success of exploration activities; requirements for additional capital; government regulation of mining operations. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including: general economic and business conditions, fluctuations in worldwide prices and demand for minerals; our lack of operating history; the actual results of current exploration activities; conclusions or economic evaluations; changes in project parameters as plans continue to be refined; possible variations in grade and or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes or other risks of the mining industry; delays in obtaining government approvals or financing or incompleteness of development or construction activities, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect our current judgment regarding the direction of the Company's business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of Canada, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

**CHANGES IN ACCOUNTING POLICIES**

**New Accounting Pronouncements**

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The Company adopted the following new IFRS standard effective for annual periods beginning on or after January 1, 2023. The nature and impact of the standard on the Company's consolidated annual audited financial statements is indicated below.

In February 2021, the IASB issued Disclosure of Accounting Policies (amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). IAS 1 is amended to require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy and clarify that information may be material because of its nature, even if the related amounts are immaterial. These amendments have not had a material impact on the Company's annual consolidated financial statements.

Issued but not yet effective In April 2024, the IASB issued a new IFRS accounting standard to improve the reporting of financial performance. IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation of Financial Statements. The standard will become effective January 1, 2027, with early adoption permitted. The Company is in the process of assessing the impact of this new standard on the Company's financial statements.

### **FINANCIAL AND OTHER INSTRUMENTS**

Under IFRS, a three-level hierarchy that reflects the significance of inputs used in making fair value adjustments is required. The three levels of the fair value hierarchy are as follows:

- a) Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 – Inputs for assets or liabilities that are not based on observable market data.

The Company does not have any financial assets or liabilities measured subsequently at fair value.

The fair values of cash, amounts receivable, due from related parties and accounts payable and accrued liabilities approximate the carrying values due to short term to maturity. The fair value of the Company's non-current loans payable approximates the carrying values and contractual interest rates are comparable to current market interest rates.

### **OTHER MATTERS**

#### **Legal proceedings**

On February 28, 2023, the Company has been advised that it, along with the Optionor and CCI, has been named as defendants in a lawsuit ("Notice of Civil Claim") commenced by Mayne Minerals Inc. ("Mayne"), a private company, wherein Mayne alleges that certain mineral claims comprising part of the Sister's Mountain Property (the "Claims") were improperly staked for the benefit of the Optionor rather than for Mayne. During the year ended February 29, 2024, the Company has filed a Response to Civil Claim. In the opinion of management, the ultimate disposition of the matter is not determinable as it is too early to provide an assessment given it was recently commenced, but the Company will vigorously defend and enforce its right to purchase the Claims in good faith. As of the date of this MD&A, the Company does not have an update on the Civil Claim.

#### **Contingent liabilities**

At the date of report, management is unaware of any outstanding contingent liability relating to the Company's activities, other than the Notice of Civil Claim discussed above.

### **OFFICERS AND DIRECTORS**

Current directors and officers of the Company are as follows:

Loren Currie, CEO, Corporate Secretary, and Chairman

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Anthony Clements, Director  
Thomas Wilson, Director  
Pieter Bakker, Interim Chief Financial Officer

**OUTLOOK**

The Company's primary focus for the foreseeable future will be on reviewing its financial position, and continuing exploration and development activities on its mineral properties.

**OTHER REQUIREMENTS**

Additional disclosure of the Company's material documents including information circular, material change reports, new release, and other information can be obtained on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).