

**DLP RESOURCES INC.**  
**Management Discussion & Analysis**  
**For the year ended April 30, 2021**

**DLP RESOURCES INC.**

**Management's Discussion and Analysis**  
**For the year ended April 30, 2021**

This management's discussion and analysis ("MD&A") reviews the significant activities of DLP Resources Inc. ("DLP" or the "Company"), and the financial results for the year ended April 30, 2021 and the period from incorporation on June 7, 2019 to April 30, 2020.

This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the year ended April 30, 2021, and the period from incorporation on June 7, 2019 to April 30, 2020, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise noted, all currency amounts are expressed in Canadian dollars. Additional information about the Company, including the audited financial statements and the notes thereto, for the years ended April 30, 2021 and 2020 prepared in accordance with IFRS, can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.dlpresourcesinc.com](http://www.dlpresourcesinc.com).

The effective date of this MD&A is August 26, 2021.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the Company's financial statements and MD&A, is complete and reliable.

## **CORPORATE SUMMARY**

The Company is an exploration-stage company engaged in the acquisition, exploration and development of mineral properties of merit in British Columbia, Canada with the aim of developing them to a stage where they can be exploited at a profit or arranging joint ventures whereby other companies provide funding for development and exploitation.

The Company's head office is located at #201 – 135 - 10th Ave. S., Cranbrook, B.C., V1C 2N1. The Company was incorporated on June 7, 2019.

On November 14, 2019, MG Capital ("MG") completed a reverse asset transaction pursuant to an Amalgamation Agreement with DLP (See Amalgamation Agreement below). Subsequently DLP became the wholly owned subsidiary of MG. MG is trading on TSX Venture Exchange under the symbol of DLP.V as of November 22, 2019.

On January 6, 2021, MG Capital changed its name to "DLP Resources (2020) Limited". On January 25, 2021, DLP Resources (2020) Limited and its wholly owned subsidiary DLP Resources Inc. completed a vertical amalgamation and subsequently changed its name to "DLP Resources Inc." The amalgamation streamlined the Company's mining exploration activities under a single corporate entity and reduce corporate and operational expenses.

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**2021 AND RECENT HIGHLIGHTS**

- On December 30, 2020, the Company closed its non-brokered private placement, whereby the Company has completed the issuance of an aggregate of 3,200,000 flow through common shares at a price of \$0.25 per share for aggregate gross proceeds of \$800,000. The Company intends to use the proceeds from the Private Placement to do additional drilling of the DD Project under option from PJX Resources Inc.
- On December 3, 2020, the Company received final results from the ~33 line km Titan MT ground geophysical survey by Quantec Geoscience over the DD, Moby Dick and NZOU properties. A significant NE-SW trend of high conductivity (low resistivity) anomalies occur over an area of 5km x 0.5 km. Drilling of PAN18-01-EX and relogging of historic holes Irish 05-01 and IR 07-01 strongly supports the idea that the main conductive body of possible Sullivan-type Zn-Pb-Ag mineralization is between Pan 18-01-Ex, IR 07-01 and the Irish05-01 drill holes (Figure 2). Geological sections across this area further support the fact that the MT anomalies are associated with the interpreted downdip extension or position at depth of the Upper to Lower Middle Aldridge Formation and proposed Sullivan Horizon. The Company has planned drilling of an additional 10,000 to 12,000m to test these targets. With the encouraging results, the Company increased the Aldridge 1 claim block by an additional 93.81 km<sup>2</sup> on December 30, 2020.
- On February 18, 2021, the Company signed a 190km<sup>2</sup> Mobile MT (magnetotelluric) survey with Expert Geophysics over the Hungry Creek and Aldridge 1 Projects. This survey were flown in April-May 2021.
- On February 16, 2021, the Company commenced drilling of the Gerry Vent target on the DD Property. Hole DD21-01 was drilled to a depth of 1,728 m to test the MT resistivity anomaly which coincides with the known mapped surface outcrop of albite, actinolite and tourmaline alteration within a breccia extending over an area of approximately 400m x 100m. Visible mineralization of sphalerite (Zn) and galena (Pb) occurs within the breccia.
- During May 2021, the Company completed DD21-02, totaling 1,901.6 m. The depth of drill hole DD21-02 was 1,468.6 m on April 30, 2021.
- On May 3, 2021, the Company closed a non-brokered private placement whereby the Company completed the issuance of 1,200,000 flow through common shares (each, a “**FT Share**”) at a price of \$0.25 per FT Share for gross proceeds of \$300,000. In connection with the Private Placement, the Company paid a cash finder’s fee of \$3,500.
- On May 11, 2021, the Company signed a letter of intent, with SMRL Parobamba II (“**SP II**”) whereby DLP can acquire a 100% interest (the “**Option**”) in the Aurora porphyry copper-molybdenum deposit (the “**Aurora Project**”) in **Peru**. In order to earn an undivided 100% ownership interest in the Aurora Project in accordance with the Option, the Company must:
  - make cash payments totaling \$3,000,000 to SP II (all of which include all applicable taxes) and
  - incur exploration expenditures totalling \$3,000,000 over 48 months from the date of signing the Option Agreement on the Aurora Project.
- Upon the Company’s exercise of the Option and acquisition of a 100% interest in the Aurora Project, SP II will retain a 1.5 % net smelter returns royalty (the “**Royalty**”). The Company will have the right to purchase two thirds (1%) of the Royalty from SP II for US\$1,000,000 and the remaining third (0.5%) of the Royalty for \$500,000. These payments include all applicable taxes.

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- On June 23, 2021, the Company closed a non-brokered private placement (the "Private Placement") whereby the Company completed the issuance of 4,333,967 units (each, a "Unit") at a price of \$0.30 per Unit for gross proceeds of \$1,300,190. Each Unit consists of one common share of the Company and one non-transferable common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at a price of \$0.40 for a period of 12 months following the issue of the Warrant. The Company paid to certain finders cash finders' fees totaling \$51,869 and issued 172,898 finders' warrants having the same terms as the Warrants.
- Subsequent to the year ended April 30, 2021, commenced drilling of the Hungry Creek project. A drill program of two 400m holes for a total of 800m is planned to test a copper-cobalt target identified in January 2020. The Hungry Creek Project is approximately 33km WNW of Kimberley in SE British Columbia.
- The Company completed a 190 km<sup>2</sup> Mobile MT survey over the Hungry Creek and Aldridge 1 properties. The survey was performed by Expert Geophysics. The survey commenced on May 31, 2021 and was completed on May 31, 2021 with a total of 306 line km flown over the southern portion of the Aldridge 1 property and a total of 231 line km flown over the Hungry Creek property.
- On August 10, 2021, the Company completed a private placement via the issuance of 1,000,001 FT Shares at a price of \$0.30 per FT Share for gross proceeds of \$300,000. In connection with the private placement, the Company paid a cash finder's fee of \$9,485 and issued 31,617 finder's warrants. Each finder's warrant is exercisable into one non-FT common share at a price of \$0.20 per share, and expires 18 months from the grant date.
- On August 11, 2021, the Company staked 3,653.8 ha of additional Hungry Creek claims. The extension was staked due to the interpretation of geological and geophysical data. The Hungry Creek Property is now a total of 7,978 ha
- On August 24, 2021, the Company staked the new Copper Creek Property totaling 11,129.7 ha and is located immediately north of Kimberley, BC. The property was staked as the result of regional interpretation of geological and geochemical information related to sediment hosted stratabound copper mineralization within the middle Creston Formation. A 2018 geochemical sampling and prospecting program conducted by Kootenay Silver over the current area highlighted significant copper targets which were not followed up by additional detailed sampling or drilling.

## **BRITISH COLUMBIA PROPERTIES**

### **Aldridge 1 & Aldridge 2 – Pb/Zn prospects**

Aldridge 1, totaling 15,318.14 ha (153.2 km<sup>2</sup>), is comprised of 46 claims (42 claims 100% owned by the Company and 4 claims optioned from the Kennedy Group) and the Aldridge 2, totaling 1,939.5 ha (19.4 km<sup>2</sup>), is comprised of 6 claims (5 claims 100% owned by the Company and 1 claim optioned from Kennedy Group). The two mineral properties are separate claim blocks located 80 km southwest of Cranbrook B.C. on Highway 3 in the East Kootenay region of the province. They are separated by about 5.7 km north-south. Both the Aldridge 1 & Aldridge 2 properties are Lead/Zinc prospects and are within the same favorable Leadville Corridor. The Aldridge 1 property is centered on UTM (Nad83) coordinates 5446000N and 558000E; the Aldridge 2 property is centered on UTM coordinates 5457000N and 555000E.

On March 1, 2020, the Company entered into a property earn-in agreement (the "Earn-In Agreement") with each of Jonathan Sean Kennedy, R.D. Craig Kennedy, Darlene E. Lavoie, Thomas Peter James Kennedy, Michael Cameron Kennedy and Frederick A. Cook (for Salt Spring Imaging, Ltd.) (together, the "Field

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Experts") which added the four (4) Son of Captain claims totaling 126.75 ha to Aldridge 1 and the Liger claim totaling 84.31 ha to Aldridge 2.

This field season, on Aldridge 1, the Company completed a soil sampling program totaling 91 samples, completed two diamond drill holes totaling 2,481.0 m and extended two MT Geophysics lines (1.4 line km total) from the 2019 program. On Aldridge 2, one diamond drill hole was completed totaling 481.9 m. With encouraging MT Geophysics results, the Company increased its stake in Aldridge 1 claims by an additional 93.81 Km<sup>2</sup> on December 30, 2020.

#### **Redburn Property - Cu/Co prospect**

The Redburn property, totaling 5,359.5 ha (53.6 km<sup>2</sup>) in size and is 100% owned by the Company. It is located 10 air-km north-east of Golden, B.C. Good logging roads and old logging roads give access to 50% of the property. The property is centered on UTM (Nad 83) coordinates 5698510N and 508355E. The Redburn property is a Copper/Cobalt prospect.

During the field season, a soil sampling program totalling 168 samples was completed. Two copper/cobalt soil anomalies were identified and will have follow up work performed during the 2021 field season.

#### **Hungry Creek Property – Cu/Co prospect**

The Hungry Creek property, totaling 4,324.2 ha (43.2 km<sup>2</sup>), is comprised of 12 claims (11 claims 100% owned by the Company and 1 claim optioned from the Kennedy Group) and is located 35 km west of Kimberley, British Columbia. Good logging roads come to within 4 km of the property. The property is centered on UTM coordinates 5506699N and 538220E.

Hungry Creek property was staked as a result of recent prospecting discovery of numerous boulders of massive and semi massive sulphides in the stream bed of Hungry Creek. The Hungry Creek Property is 100% owned by the Company.

On March 1, 2020, the Company entered into a property earn-in agreement (the "Earn-In Agreement") with each of Jonathan Sean Kennedy, R.D. Craig Kennedy, Darlene E. Lavoie, Thomas Peter James Kennedy, Michael Cameron Kennedy and Frederick A. Cook (for Salt Spring Imaging, Ltd.) (together, the "Field Experts") which added the Hungry Miner claim totaling 62.67 ha, to the property.

During the field season, prospecting, soil sampling program and Mag/VLF ground geophysical survey was conducted on the project. The soil sampling program identified some anomalous copper/cobalt anomalies and, along with the Mag/VLF targets identified, a drill program has been planned for the 2021 field season.

#### **Moby Dick Property**

The Moby Dick property, totaling 527.27 ha (5.3 km<sup>2</sup>), is contiguous to the DD Property and NZOU properties. The property is 100% owned by the Company. An MT geophysical survey totaling 6.17 line km was completed during the 2020 field season. MT anomalies identified will be drilled during the 2021 field season.

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**DD Property**

The DD property, totaling 2,404.2 ha (24.0 km<sup>2</sup>), comprised of 14 claims is under option from PJX Resources Inc. where the Company can earn up to 75% of the property. This property adjoins the northern boundary of Aldridge 1 property.

On July 13, 2020, the Company signed a definitive option agreement to earn up to 75% of PJX Resources' DD Property. The key terms of the definitive option agreement are as follows:

- The Company is to earn a 50% undivided interest in the DD Property by spending \$4 million in exploration expenditures and making a total of \$250,000 cash payments to PJX over 48 months of the effective date of the agreement.
- The Company will have the right to earn an additional undivided 25% interest (75% total interest) by delivering a bankable commercial feasibility study on the DD Property within 96 months of the effective date of the agreement.
- Upon the Company's exercise of the Option and acquisition of a 50% or 75% interest in the DD Property, as applicable, the parties will enter into a joint venture agreement for the further development of the Property.
- Upon the deemed exercise of the Option, the Optionor will be granted an aggregate Net Smelter Royalty (NSR) of 2% in respect of the DD property. The Optionee will have the right to purchase 50% of such NSR [being a 1% NSR (0.5% from each individual comprising the optionor)] for \$1,000,000, and the remaining 50% of such NSR [being a 1% NSR (0.5% from each individual comprising the optionor)] for \$1,000,000.

During this field season, a total of 286 m on hole PAN18-01-EX was drilled as an extension to test the Sullivan Horizon that the Company felt was not adequately tested by the previous operators. An MT geophysical survey was completed totaling 20.36 line km. Drilling of DD21-01, totaling 1,728 m, was completed to test an MT geophysical anomaly in the Middle Aldridge Formation above the Sullivan Horizon. As well, drill hole DD21-02, totaling 1,901.6 m (1,468.6 m completed at April 30/21), was completed to test an MT geophysical anomaly at the Sullivan Horizon.

**NZOU property**

The NZOU (Na-zoo) property, totaling 822.20 ha (8.2 km<sup>2</sup>), is under option from 453999 BC Ltd.

On August 17, 2020, the Company entered into an option agreement with 453999 BC Ltd. The property is located contiguous to the DD and Moby Dick properties. The Optionor granted the Company, the option to earn a 100% legal and beneficial interest in and to the NZOU Property.

Under the terms of the Option Agreement, the Company will earn a 51% interest in the NZOU Property by:

- incurring exploration expenditures of \$15,000 by December 1, 2020 (fulfilled);
- the Company issuing 75,000 common shares of the Company (the "Shares") to the Optionor within 20 days of the date upon which the TSX Venture Exchange approves the Option Agreement (issued);
- the Company issuing 75,000 Shares to the Optionor by February 28, 2021 (issued);
- incurring exploration expenditures of \$50,000 by December 31, 2021;
- the Company issuing 75,000 Shares to the Optionor by February 28, 2022; and
- the Company issuing 75,000 Shares to the Optionor by February 28, 2023.

The Company will earn a 75% undivided interest in the NZOU Property making a cash payment of \$100,000

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to the Optionor by December 31, 2024. The Option will be fully exercised, and the Company will accordingly earn a 100% undivided interest in the NZOU Property, upon the Company issuing 100,000 Shares to the Optionor by December 31, 2025.

Upon the deemed exercise of the Option, the Optionor will be granted an aggregate Net Smelter Royalty (NSR) of 2% in respect of the NZOU Property. The Optionee will have the right to purchase 50% of such NSR [being a 1% NSR for \$1,000,000].

The Company may, at its option, accelerate the cash payments and issuances of the Shares described above in order to fully exercise the Option prior to December 31, 2025.

During September and October 2020, an MT geophysical survey was completed totaling 6.47 line km. MT anomalies identified will be drilled during the 2021 field season.

### **COVID-19**

In March of 2020 the World Health Organization (WHO) declared a global pandemic related to COVID-19. The Company is committed to protecting the health and safety of its workforce and the community in which it operates. The Company's 2020 field season continues to operate in compliance with the guidelines established by the Provincial Health Officer.

The Company has developed and implemented a COVID-19 Safety Plan to minimize the risk of COVID-19 exposure for its employees, their families and community.

The exploration team and its operations are based out of the City of Cranbrook, B.C. The program in 2020 is keeping travel to and from the community to a minimum.

To date there have been no significant interruptions to the Company's supply chain or service providers. Assay turnaround has been slowed by COVID-19 related procedures at the assay lab. The Company will continue to move forward its 2020 exploration program in these challenging conditions while monitoring the situation and ensuring backup plans are in place for potential disruptions.

The Company has health and safety procedures in place, including daily screening, which includes temperature taking of all workers, for symptoms of COVID-19, to ensure that in case a possible exposure to COVID-19 occurs, it will be quickly contained. The work force has been a small group making the procedures easily manageable. If any worker exhibits symptoms of COVID-19 (e.g. fever, cough, shortness of breath, difficulty breathing and/or chills), they will be asked to immediately leave the worksite, go home and arrange to have a COVID-19 test and will be advised not to return to work until they have a confirmed negative COVID-19 test.

### **MANAGEMENT OUTLOOK**

Management is planning a number of activities for 2021, which include:

- Seeking to raise funds for the DD-Moby Dick and NZOU projects for continued drilling of geophysical targets identified in 2021.
- Completing drilling of 3 to 4 holes on the Sullivan-type Zn-Pb-Ag targets across the Moby Dick and NZOU projects pending permit approvals this coming quarter.
- Working closely with Government agencies and the Ktunaxa and associated member bands to explain our exploration strategies in the early-stage programs in the Kootenay area.

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- Compiling all drilling results and geophysical surveys from the 2020-21 exploration program on the Sullivan-type targets for planning future exploration across the unexplored areas of the Aldridge 1 Project areas.
- Compiling drill and geophysical results from the Mobile MT and ground geophysical surveys on Hungry Creek to assist in exploration of sediment hosted copper-cobalt mineralization in the Purcell Belt.
- Complete the incorporation of the DLP subsidiary in Peru and the finalize the definitive agreement on the Aurora porphyry copper-molybdenum project.
- Commence the permitting process for the drill program on the Aurora project in Peru and initiate discussions with the communities surrounding the Aurora project to explain our exploration strategy moving into 2022.

In the light of COVID, management continues to abide to the regulations of the BC Health Authorities to ensure the health and safety of its employees, contractors, and the communities in which it operates. The Company continues to monitor the situation and the impact the virus may have on the Company's projects both in Canada and abroad.

## RESULTS OF OPERATIONS

During the year ended April 30, 2021, the Company incurred a loss of \$2,480,178 (\$1,262,756 in 2020). The loss was mainly due to the increase in exploration costs which was \$1,961,783 for the year ended April 30, 2021 compared to \$344,946 in 2020. In addition, \$550,515 was recorded in salaries, bonus and benefits and stock-based compensation compared to \$74,348 in 2020. Higher compensation cost in 2021 was mainly due to increase in business activities. The Company was incorporated on June 7, 2019. The Company completed a reverse takeover with MG Capital in 2020, as a result, the Company acquired \$550,650 net assets including cash, Bridge Loan to DLP and \$552,549 listing fee.

### Exploration Costs

Exploration costs for the years ended April 30, 2021 and 2020 are as follow:

#### Year Ended April 30, 2021

| Exploration Costs            | General           | Aldridge 1        | Aldridge 2       | Redburn          | Hungry Creek     | DD                  | Moby Dick        | NZOU             | Total               |
|------------------------------|-------------------|-------------------|------------------|------------------|------------------|---------------------|------------------|------------------|---------------------|
| Geology                      | \$ -              | \$ 40,801         | \$ 4,000         | \$ 2,484         | \$ 32,809        | \$ 78,885           | \$ -             | \$ -             | \$ 158,979          |
| Geophysics                   | -                 | 77,641            | -                | -                | 11,906           | 107,368             | 32,540           | 34,107           | 263,562             |
| Geochemistry                 | -                 | 2,769             | 103              | 27,177           | 2,171            | -                   | -                | -                | 32,220              |
| Drilling                     | -                 | 458,120           | 64,238           | -                | 2,045            | 791,905             | 158              | 158              | 1,316,624           |
| Wages/Travel/Admin           | -                 | 65,502            | 11,943           | 5,451            | 14,989           | 75,089              | 20,203           | 18,538           | 211,715             |
| Maps & Reproductions         | -                 | 2,022             | 175              | 538              | 188              | 3,416               | 607              | 520              | 7,466               |
| BC Mining Exploration Credit | (52,621)          | -                 | -                | -                | -                | -                   | -                | -                | (52,621)            |
| Others                       | 23,838            | -                 | -                | -                | -                | -                   | -                | -                | 23,838              |
| <b>Total</b>                 | <b>\$(28,783)</b> | <b>\$ 646,855</b> | <b>\$ 80,459</b> | <b>\$ 35,650</b> | <b>\$ 64,108</b> | <b>\$ 1,056,663</b> | <b>\$ 53,508</b> | <b>\$ 53,323</b> | <b>\$ 1,961,783</b> |

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| Exploration Costs      | General         | Aldridge 1        | Aldridge 2       | Redburn          | Hungry Creek     | DD          | Moby Dick   | NZOU        | Total             |
|------------------------|-----------------|-------------------|------------------|------------------|------------------|-------------|-------------|-------------|-------------------|
| Geology-Fieldwork      | \$ -            | \$ 29,595         | \$ 19,134        | \$ 9,973         | \$ 16,480        | \$ -        | \$ -        | \$ -        | \$ 75,182         |
| Geology-Transport/Fuel | -               | 790               | -                | 467              | 15,974           | -           | -           | -           | 17,231            |
| Geophysics             | -               | 122,072           | 68,665           | -                | 9,937            | -           | -           | -           | 200,674           |
| Geochemistry           | -               | -                 | -                | 17,250           | 4,347            | -           | -           | -           | 21,597            |
| Technical Report       | -               | 12,469            | 4,311            | -                | -                | -           | -           | -           | 16,780            |
| Maps & Reproductions   | -               | 2,152             | 1,672            | 1,576            | 1,964            | -           | -           | -           | 7,364             |
| Others                 | 6,118           | -                 | -                | -                | -                | -           | -           | -           | 6,118             |
| <b>Total</b>           | <b>\$ 6,118</b> | <b>\$ 167,078</b> | <b>\$ 93,782</b> | <b>\$ 29,266</b> | <b>\$ 48,702</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 344,946</b> |

As at year ended April 30, 2021, a total of \$727,314 was spent on the **Aldridge 1 and Aldridge 2 properties** (\$260,860 in 2020).

As at year ended April 30, 2021, a total of \$35,650 was spent on the **Redburn property** (\$29,266 in 2020).

As at year ended April 30, 2021, a total of \$64,108 was spent on the **Hungry Creek property** (\$48,702 in 2020).

As at year ended April 30, 2021, a total of \$1,056,663 was spent on the **DD property** (\$Nil in 2020).

As at year ended April 30, 2021, a total of \$53,508 was spent on the **Moby Dick property** (\$Nil in 2020).

As at year ended April 30, 2021, a total of \$53,323 was spent on the **NZOU property** (\$Nil in 2020).

**Summary of Quarterly Results**

|                | From Incorporation of June 7, 2019 to July, 2019 | August 1 to October 31, 2019 | November 1, 2019 to January 31, 2020 | February 1 to April 30, 2020 | May 1 to July 31, 2020 | August 1 to October 31, 2020 | November 1, 2020 to January 31, 2021 | February 1 to April 30, 2021 |
|----------------|--|------------------------------|--------------------------------------|------------------------------|------------------------|------------------------------|--------------------------------------|------------------------------|
| Loss           | \$58,257   | \$269,246                    | \$786,112                            | \$149,141                    | \$401,233              | \$988,794                    | \$423,336                            | \$666,815                    |
| Loss per Share | \$0.001  | \$0.01                       | \$0.02                               | \$0.03                       | \$0.01                 | \$0.02                       | \$0.01                               | \$0.01                       |

Factors that can cause fluctuations in the Company's quarterly results include the nature and extent of exploration activities carried out under specific work program, stock option grant and vesting, and issuance of shares.

**LIQUIDITY AND CAPITAL RESOURCES**

On July 29, 2020, the Company closed a non-brokered private placement of 2,922,051 common shares of the Company at a price of \$0.19 per Common Share and 4,856,954 flow-through common shares of the Company at a price of \$0.23 per FT Share, for combined gross proceeds of \$1,672,289.

As of April 30, 2021, the Company incurred \$1,145,539 of qualified flow through expenditures which fulfilled the qualified flow-through share requirement. There was zero outstanding flow through obligations at April 30, 2021.

In connection with the placements, the Company paid an aggregate cash commission of \$116,384 and issued an aggregate of 541,146 non-transferable Common Share purchase warrants of the Company to certain eligible finders. Each Finder's Warrant entitles the holder thereof to acquire one Common Share of the Company for an exercise price of \$0.25 per share for a period of two years from closing of the Financing.

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On December 30, 2020, the Company issued 3,200,000 flow through common shares at a price of \$0.25 per share for aggregated gross proceeds of \$800,000. Each FT Share will qualify as a “flow-through share” as defined in s. 66(15) of the Income Tax Act (Canada). As of April 30, 2021, the Company incurred \$800,000 of qualified flow through expenditures.

There were 4,600,000 warrants exercised during the second quarter ended October 31, 2020, for gross proceeds of \$690,000.

As at April 30, 2021, the Company had working capital of \$1,098,456 (April 30, 2020: \$407,338) and cash of \$1,154,193 (of which \$300,000 was flow through cash from the private placement subsequent to April 30, 2021) (April 30, 2020: \$414,728). The increase in cash was due to the net proceeds from private placement in July and December 2020 partially offset by cash outflows from operating activities of \$2,510,245; acquisition of mineral properties and equipment \$35,694 and payment of reclamation deposit of \$28,000. As at April 30, 2021, the Company had no long-term debt outstanding. There are no known trends in the Company's liquidity or capital resources.

The Company has not paid any dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and/or commence profitable operations in the future. As at April 30, 2021, the Company has sufficient funding to meet its obligations for the next twelve months.

## **COMMITMENTS**

The Company is required to incur exploration expenditures on its mineral claims to meet the conditions of holding its mineral rights and keep the mineral claims in good standing. Each provincial jurisdiction imposes expenditure requirements which vary from province to province and from year to year.

The Company has commenced field work on all its properties to incur enough exploration expenditures to keep all properties in for at least a minimum of 1 year ahead for their current expiration dates. This would put the majority of all claims in good standing until at least 2022.

## **TRANSACTIONS WITH RELATED PARTIES**

The Company's related parties include key management personnel and directors and any transactions with such parties for goods and/or services are made on regular commercial terms and are considered to be at arm's length. Key management are those personnel having the authority and responsibility for planning, directing, and controlling the Company and comprise the Chief Executive Officer, Chief Financial Officer and President of the Company.

During the year ended April 30, 2021, the Company paid \$696,896 in salaries, bonus, benefits and stock-based compensation to key management personnel (\$156,964 in 2020).

## **CONTINGENCIES**

The Company has no contingencies as at the date of this MD&A.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off Balance Sheet arrangements as at the date of this MD&A.

## **PROPOSED TRANSACTIONS**

The Company has not entered into any undisclosed proposed transactions as at the date of this MD&A.

## **CURRENT DATA SHARE**

As at August 26, 2021, the Company had:

- a) 73,046,104 common shares issued and outstanding
- b) 5,653,670 share purchase warrants outstanding
- c) 1,270,000 stock options outstanding

## **INDUSTRY AND OPERATIONAL RISKS**

The Company is subject to a number of risks and uncertainties, the more significant of which are discussed below. Additional risks and uncertainties not presently known to the Company may impact the Company's financial results in the future.

### **Financing Risks**

Being a junior mining exploration company in Canada means that the Company must raise the necessary financings for future exploration. Those financings depend on commodity price trends, general investment sentiment for companies in the sector and the ability of the Company's ability to find and confirm the existence of minerals in sufficient quantities and qualities on its exploration lands. Management acknowledges that these risks are consistent and shared by their peers in the industry.

The Company will require additional financing to conduct exploration on its mineral properties and to fund General and Administration costs. There is no assurance that the Company will be able to raise the required financing through equity financings, debt financings, divestment of its properties or joint venture arrangements. A lack of financing in the future could cause the Company to reduce or postpone exploration spending, reduce exploration and corporate personnel, reduce the size of its mineral property ownership and create going concern issues for the Company.

### **General Economic Risks**

As the Company continues to focus on its exploration in Canada, the operations will be subject to economic, political and social risks inherent in doing business in Canada. The risks come from matters based on policies of the government, economic conditions, changes in tax regime, changes in regulation, foreign exchange fluctuations and other factors that may change in the future.

### **Environmental Risks**

All phases of the Company's operations are subject to environmental regulations and potentially social licensing in the jurisdictions it operates in. World-wide environmental regulation is changing to require stricter standards and enforcement, increased fines for non-compliance, more assessment for projects, and a heightened degree of responsibility for companies and their officers, directors, employees and consultants. Although the company believes that it has taken the proper steps to protect the environment related to its operations, there is no assurance that future changes in environmental regulation in Canada will not adversely affect the Company's operations or result in substantial costs and liabilities in the future.

### **Aboriginal Claims Risks**

Aboriginal peoples have claimed aboriginal title and rights to portions of Canada. The Company is not aware that any claims have been made in respect of its properties and assets; however, if a claim arose

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and was successful, such claim may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

**Forward-looking statements**

Certain information set forth in this MD&A, including management's assessment of the Company's future plans and operations, contains forward-looking statements, which are based on the Company's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "plans" and similar expressions. These statements are not a guarantee of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Company's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. The Company is a mineral exploration company and is exposed to a number of risks and uncertainties that are common to companies in the same business. These risks and uncertainties include, among other things, the speculative nature of mineral exploration and development activities, the Company's need for additional funding to continue its exploration efforts, operating hazards and risks incidental to mineral exploration, the Company's properties are in the exploration stage only and do not contain a known body of commercial ore, uncertainties associated with title to mineral properties, changes in general economic, market and business conditions; competition for, among other things, capital, acquisitions of mineral properties and skilled personnel; ability to obtain required mine licenses, mine permits and regulatory approvals required to proceed with mining operations; ability to comply with current and future environmental and other laws; actions by governmental or regulatory authorities including increasing taxes and changes in other regulations; and the occurrence of unexpected events involved in mineral exploration, development and production.