

EDISON BATTERY METALS CORP.

(formerly Edison Cobalt Corp.)

MANAGEMENT'S DISCUSSION & ANALYSIS
For the three and nine months ended June 30, 2021

EDISON BATTERY METALS CORP.
(formerly Edison Cobalt Corp.)
(the “Company”)
SELECTED FINANCIAL INFORMATION
AND MANAGEMENT DISCUSSION AND ANALYSIS

This Management’s Discussion and Analysis (“MD&A”), dated August 30, 2021, is prepared in accordance with the requirements of National Instrument 51-102 and should be read in conjunction with the Company’s consolidated condensed interim financial statements for the three and nine months ended June 30, 2021 and its audited Annual financial statements for the year ended Sept. 30, 2020 and the related notes thereto prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Committee (“IFRC”).

The MD&A supplements but does not form part of the consolidated condensed interim financial statements and notes thereto for the three and nine months ended June 30, 2021. All dollar amounts are expressed in Canadian dollars (the Functional Currency of the Company) unless otherwise indicated. Note that additional information relating to the Company is available on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements contained in this document constitute “forward-looking statements”. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “propose”, “anticipate”, “believe”, “forecast”, “estimate”, “expect” and similar expressions, as they relate to the Company or its management and operations, are intended to identify forward-looking statements. Such statements reflect the Company’s current views and beliefs with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or development except as may be required by law or regulation.

INTRODUCTION

Edison Battery Metals Corp. (the “Company”) was incorporated on November 8, 2009 under the Business Corporations Act of British Columbia. The Company’s primary business activity is mineral property exploration and development. On August 3, 2011, the Company’s common shares were listed for trading on the TSX Venture Exchange (“TSX-V” or the “Exchange”). On September 5, 2018 the Company’s name was changed from Power Americas Minerals Corp. to Edison Cobalt Corp. Effective July 30, 2021 the Company’s name was changed from Edison Cobalt Corp. to Edison Battery Metals Corp. The Company’s shares are traded on the TSX-V under the symbol EDDY, on the Frankfurt Stock Exchange under the symbol VV0 and on the U.S. Over the Counter Market (“OTC”) under the symbol PWMRF. The Company’s head office and registered and records office is located at Suite 820 – 1130 West Pender Street, Vancouver, BC, V6E 4A4 Canada.

PROPOSED TRANSACTION WITH SUDBURY PLATINUM CORPORATION

On November 25, 2019 the Company and Sudbury Platinum Corporation (“SPC”) entered into a definitive arms-length amalgamation agreement (the “Agreement”). The contemplated transaction was to result in a reverse-take over (the “Reverse Take-Over”) of the Company by SPC. The Agreement expired on April 30, 2020 and the Company did not proceed with the Reverse Takeover Transaction. Edison shares were halted from trading upon the announcement of the proposed transaction on September 9, 2019, and resumed trading on the TSX Venture Exchange on May 21, 2020. The previously announced brokered private placement with Gravititas Securities Inc., as co-lead agent with Red Cloud Securities Inc., was not proceeded with.

ACQUISITION OF RESOURCE VENTURES S.A.

On June 17, 2021 The Company announced that it has entered into a Definitive Purchase and Sale Agreement (the "Agreement") to acquire Resource Ventures S.A. ("ReVe"), an Argentina corporation that owns or controls the rights to over 148,000 hectares (365,708 acres) of prospective lithium brine claims in the province of Catamarca, Argentina. The claims are principally located in the two geologic basins known as the Antofalla Salar and the Pipanaco Salar in South America's Lithium Triangle.

Under the terms of the Agreement the Company will acquire ReVe and a 100% interest in its properties for a purchase price of \$1,850,000.00 paid by the issuance of 10,000,000 common shares of the Company at a deemed price of \$0.185 per share. The Company will also pay a finder's fee of \$92,500 by the issuance of 500,000 common shares of the Company at a deemed price of \$0.185 per share.

On July 29, 2021 the Company changed its name to Edison Battery Metals Corp. to better reflect the direction of the Company. The TSX Venture Exchange approved the name change and the company's common shares commenced trading on July 30, 2021, under the new name.

Thomas Edison Mine and Kittson Cobalt Property, Northeastern ON

On January 23, 2017, the Company entered into an option agreement to acquire a 100% interest in the Kittson Cobalt Property ("Kittson Property"). The Kittson Property is comprised of five unpatented mining claims totalling 68 units having a combined area of approximately 1,090 hectares.

Under the terms of the Option Agreement the Company can earn a 100% interest in the Kittson Property for an aggregate purchase price of \$1,280,000 payable by a combination of common shares and cash, of which \$1,250,000 of the purchase price was satisfied by the issuance of 6,250,000 common shares at a deemed price of \$0.20 per common share, and \$30,000 cash payable within 12 months following the execution of the Option Agreement. The Kittson Property is subject to an underlying 2% Net Smelter Return royalty, of which 1.5% may be purchased by the Company for \$1,000,000.

On January 22, 2019, the Company announced that it had completed its 2018 Exploration program on the Kittson Cobalt Project. A total of 360 prospecting samples were collected during this program, highlighting >1% Cobalt. This included the first prospecting samples collected from the recently acquired historic Edison mine which returned up to 6.13 % cobalt. A new zone, North Kittson was also discovered approximately 500 meters north of the historic Kittson mine with prospecting samples returning up to 2.18 % cobalt and significantly up to 7.83 g/t gold.

Geological mapping also confirmed that the Shakt-Davis and Edison mines are hosted on the same east-west trending fracture zone and that this fracture zone extends for >1.5 kilometers. A full 34 % of the prospecting samples collected along this fracture returned >0.1 % cobalt and 16 % returned >1 % cobalt.

A total of 2,620 metres (21 holes) were completed during the program. This drilling represented the first exploration on the historic Edison mine in over 100 years. Highlights include 0.34% cobalt over 2.65 metres including 0.98% cobalt over 0.35 meters in hole ED-18-010 and 0.46% cobalt over 2.05 meters in hole ED-18-015

The drill program successfully intersected the fracture zone that hosts the Edison mine mineralization. The fracture zone was much wider than was observed at surface, ranging from 7 to 30 metres wide (drilled core length) hosting several 0.1 - 2.0 metre quartz-carbonate veins surrounded by intense carbonate alteration. Fracture and vein controlled cobalt mineralization in the form of smaltite and erythrite (cobalt bloom) occurred throughout this zone with values as high as 1.24% Cobalt over 0.35 meters.

In November 2019 the Company completed a soil sampling program and whole rock geochemistry study on the 2018 drill core from the historic Edison Mine. A total of 798 soil samples were collected and 200 drill core samples submitted for whole rock geochemistry.

Outlook for the Coming Year

For the upcoming 2021 fiscal year, the priority of the Company will be to assess the results of the exploration work currently conducted on the Kittson property and the Thomas Edison Mine to determine what future action on the property is warranted. The Company is also actively conducting due diligence on new opportunities.

Geological information presented herein was summarized by Neil Pettigrew, M.Sc., P.Geo., a Qualified Person as defined by National Instrument 43-101.

Share capital:

On February 24, 2021, the Company closed a non-brokered private placement (the "Private Placement") of 10,000,000 units at a price of \$0.10 per unit for total gross proceeds of \$1,000,000. Each unit consisted of one common share and one common share purchase warrant (a "Warrant"), with each Warrant entitling the holder to purchase one common share of the Company for a period of two years from the closing at an exercise price of \$0.12 per common share.

On March 9, 2021 the Company granted 4,000,000 stock options, to certain consultants, directors and officers of the Company which entitle the holders to purchase one common share for each option held at a price of \$0.15 per share up to March 9, 2026.

In connection with this grant, the Company calculated stock-based compensation of \$290,769 using the Black Scholes option pricing model with the following assumptions: Share price - \$0.10; Exercise price - \$0.15; Expected life – 5 years; Expected volatility – 107.36%; risk free interest rate – .99%.

On April 9, 2021 the Company issued 400,000 options, to certain consultants, directors and officers of the Company which entitle the holder to purchase one common share for each option held at a price of \$0.175 per share up to April 9, 2026.

On April 20, 2021, the Company issued 220,780 units at a price of \$0.15 per unit for proceeds of \$33,117 pursuant to the exercise of 220,780 finders warrants. Each unit consists of one share and one warrant exercisable at \$0.25 for one common share.

On May 3, 2021, the Company issued 672,533 units at a price of \$0.15 per unit for proceeds of \$100,879.95 pursuant to the exercise of 672,533 finders warrants. Each unit consists of one share and one warrant exercisable at \$0.25 for one common share.

On May 7, 2021 the Company closed two non-brokered private placements (the "Private Placements") of 2,006,000 flow-through units (the "FT Units") at a price of \$0.18 per Flow-Through Unit, for gross proceeds of \$361,080 and 19,878,000 non-flow-through units (the "non FT Units") at a price of \$0.135 per Unit, for gross proceeds of \$2,683,530.

Each FT unit consisted of one common share and one warrant. Each warrant entitles the holder to acquire one common share of the company at a price of \$0.24 per common share for a period of 24 months following the date of issuance. Each non-FT unit consisted of one common share and one warrant. Each warrant entitles the holder to acquire one common share of the company at a price of \$0.18 per common share for a period of 24 months following the date of issuance.

In connection with the Private Placements, the Company paid finders' fees of \$208,114.20 in cash and issued 1,494,780 finders warrants. The Finders' Warrants have the same terms as the Warrants forming part of the non FT Units. Proceeds of the private placement will be used for work on the Company's mineral properties, future acquisitions and general working capital. The Company intends to use the proceeds from the flow-through portion of the private placement to incur eligible Canadian Exploration Expenses and flow-through mining expenditures, as defined under the Income Tax Act (Canada). 500,000 of the flow-through units were acquired by a related party.

On May 8, 2021 11,216,666 warrants exercisable at \$0.25 per share expired, 537,353 finders warrants exercisable at \$0.15 per unit expired, 893,313 warrants exercisable at \$0.25 per share expired and 894,166 warrants exercisable at \$0.25 per warrant expired.

On May 28, 2021 the Company closed a non-brokered private placement (the "Private Placement") of 800,000 units (the "Units") at a price of \$0.135 per Unit, for gross proceeds of \$108,000.

Each unit consisted of one common share and one warrant. Each warrant entitles the holder to acquire one common share of the company at a price of \$0.18 per common share for a period of 24 months following the date of issuance.

In connection with the Private Placement, the Company paid finders' fees of \$7,560 in cash and issued 56,000 finders warrants. The Finders' Warrants have the same terms as the Warrants forming part of the Private Placement. Proceeds of the private placement will be used for work on the Company's mineral properties, future acquisitions and general working capital.

Results of Operations:

	For the Year Ended September 30, 2020 (Audited)	For the Year Ended September 30, 2019 (Audited)	For the Year Ended September 30, 2018 (Audited)
	\$	\$	\$
Net loss	(84,734)	(411,991)	(1,027,495)
Loss per share, basic and diluted	0.00	(0.01)	(0.02)
Current assets	744,191	1,001,373	1,701,088
Exploration and evaluation assets	5,447,961	5,305,460	5,261,000
Shareholders' equity	6,174,825	6,259,559	6,671,550

For the nine months ended June 30, 2021

For the nine months ended June 30, 2021, the Company reported \$nil revenue (2020: \$nil) and an overall loss of \$768,490 (2020 - \$105,632). Share based compensation was \$333,934 (2020: \$nil), management services were \$105,000 (2020 - \$nil), consulting fees were \$206,874 (2020 - \$nil) office and sundry were \$17,261 (2020 - \$6,473), and accounting, audit and legal were \$43,304 (2020 - \$70,559). The net loss for the current period increased primarily as a result of increases in share based compensation, management fees and consulting fees and a settlement of flow through share liability in the previous year. Operating expenses increased for the nine months ended June 30, 2021 compared to the nine months ended June 30, 2020 due to increased use of consultants and the payment of management fees and share based compensation. All of these significant changes are attributable to the significant increase in financing activity which portends and will enable greater physical activity in exploration and development in the coming quarters.

For the three months ended June 30, 2021

For the three months ended June 30, 2021, the Company reported \$nil revenue (2020: \$nil) and an overall loss of \$264,720 (2020 – \$41,545). Share based compensation was \$43,165 (2020: \$nil), management services were \$55,000 (2020 - \$nil), consulting fees were \$101,874 (2020 - \$nil) office and sundry were \$4,812 (2020 - \$289 recovery), and accounting, audit and legal were \$18,269 (2020 - \$36,158). The net loss for the current period increased primarily as a result of the issuance of share based compensation, and an increase in the use of consultants. Operating expenses increased for the three months ended June 30, 2021 compared to the three months ended June 30, 2020 due to share based compensation, increased use of consultants and the payment of management fees. All of these significant changes are attributable to the significant increase in financing activity which portends and will enable greater physical activity in exploration and development in the coming quarters.

Liquidity and capital resources

As of June 30, 2021, the Company had working capital of \$4,278,681 (September 31, 2020 - \$726,864).

For the ensuing year, the Company estimates that the aggregate monthly cost of administration will be approximately \$30,000 for a total aggregate annual cost of approximately \$350,000.

The Company expects to incur losses for at least the foreseeable future and there can be no assurance that the Company will ever make a profit. To achieve profitability, the Company must advance its properties through further exploration in order to bring the property to a stage where the Company can attract the participation of a major resource company, which has the expertise and financial capability to place such property into commercial production. This magnitude of advancement is a long and arduous process and very unpredictable as to ultimate outcome. For the foreseeable future, the Company's share value is likely to be based more on its prospects, discoveries and acquisitions than on any near term expectation of achieving profitability.

The Company's ultimate ability to continue as a going-concern is dependent upon its ability to advance exploration properties to the development stage and achieve profitability by taking the property to production or from the sale of the property. In the meantime, the Company is dependent upon raising equity financing or obtaining short-term loans to continue to advance its property interests and fund ongoing operations. The consolidated financial statements are prepared on a going concern basis, which implies that the Company will realize its assets and discharge its liabilities in the normal course of business. The consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities that would be necessary if the Company were unable to continue as a going concern.

An analysis of the quarterly results over the last eight quarters shows a substantial variance which can be attributed to the Company incurring varying professional, office and general costs period over period, resulting from various levels of activity and expectations.

Selected Quarterly Financial Data

Results for the last eight quarters ending June 30, 2021:

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
	\$	\$	\$	\$
Net Income (loss) for the period	(264,720)	(493,564)	(10,206)	(13,867)
Income (loss) per share, basic and diluted	0.00	0.01	0.00	0.00
Current assets	4,398,696	1,688,860	733,178	744,191
Exploration and evaluation assets	5,467,470	5,448,025	5,447,961	5,447,961
Shareholders' equity	9,746,151	7,119,324	6,164,619	6,174,825

	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
	\$	\$	\$	\$
Net loss for the period	(41,545)	(49,588)	20,266	(88,457)
Loss per share, basic and diluted	0.00	0.00	0.00	0.00
Current assets	751,020	793,483	845,545	1,001,373
Exploration and evaluation assets	5,447,961	5,447,961	5,447,961	5,305,460
Shareholders' equity	6,189,526	6,231,071	6,279,825	6,259,559

Selected Share Capital Data

The Company is authorized to issue an unlimited number of common shares without par value. As at June 30, 2021 and the date of this MD&A there were 114,881,311 common shares issued and outstanding.

As at June 30, 2021 and the date of this MD&A there were 6,500,000 options outstanding.

As at June 30, 2021 and the date of this MD&A there were 34,234,780 share purchase warrants outstanding.

Additional Information

Additional information relating to Edison Battery Metals Corp. may be found on SEDAR at www.sedar.com and on the Company's website at www.edisoncobalt.com.

Exploration and Evaluation Expenditures

Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation of plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and share based payments to employees and consultants, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property would be considered to be a mine under development and would be classified as “mines under construction”. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Management’s Responsibility for Financial Statements

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

Management maintains a system of internal controls to provide reasonable assurance that the Company’s assets are safeguarded and to facilitate the preparation of relevant and timely information. The Company’s CEO and CFO have confirmed to the Company that they are satisfied with the effectiveness of the Company’s system of disclosure controls and procedures as at June 30, 2021 based upon their evaluation of the effectiveness of such disclosure and controls procedures.

Management of Capital and Business Prospects

The Company's objective when managing capital is to maintain its ability to continue as a going concern and fund its Exploration and Evaluation expenditures and other activities in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued capital stock, warrants, contributed surplus and deficit, in the definition of capital. Management adjusts the capital structure in the light of its cash and other available resources as necessary in order to support the discovery, acquisition, development and mining of economically-viable precious and base metal mineral resources. The Company is not subject to externally imposed capital requirements (beyond the requirements of the Exchange with which the Company is in compliance) and there has been no change with respect to the overall capital risk management strategy during the nine months ended June 30, 2021. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration programs and pay for management and administrative costs, the Company will spend its ongoing working capital and raise additional amounts as needed.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from these estimates.

Areas of significant judgement, assumptions and estimates in the financial statements are:

- Classification of expenditures as exploration and evaluation expenditures or operating expenditures
- Going concern assessment
- Impairment reviews for exploration and evaluation assets
- Fair value of share-based payment and financial instruments
- Recoverability measurement of deferred tax assets

Changes in Accounting Standards

The consolidated financial statements have been prepared in accordance with the principles of International Financial Reporting Standards (“IFRS”) as set out in CPA Canada Handbook - Accounting. The consolidated financial statements therefore comply with IFRS as issued by the International Accounting Standards Boards (“IASB”) and interpretation of the International Financial Reporting Interpretations Committee (“IFRIC”).

Adoption of new accounting standard during the year ended September 30, 2020

Leases

Effective October 1, 2019, the Company adopted IFRS 16 *Leases* (“IFRS 16”) which replaced IAS 17 *Leases* and IFRIC 4 *Determining Whether an Arrangement Contains a Lease*. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting for lessees, introducing a single, on-balance sheet accounting model that is similar to the accounting for finance leases under IAS 17, with limited exceptions for short-term leases (i.e. leases of 12 months or less) or leases of low-value assets.

At inception of a new contract, the Company assesses whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Company assesses whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company; whether the Company has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and whether the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

At lease commencement date, the Company recognizes a right-of-use (“ROU”) asset and a lease liability on the consolidated statement of financial position. The ROU asset is initially recorded at cost, which comprises the initial

amount of the lease liability and any initial direct costs incurred less any lease payments made at or before the initial adoption date. The ROU asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset and the lease term. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for remeasurements of the lease liability. The lease liability is measured at the present value of the expected lease payments over the lease term, discounted at the interest rate implicit in the lease; if the rate cannot be determined, the incremental borrowing rate is used. The liability is increased for the passage of time and payments on the lease are offset against the lease liability.

For the nine months ended June 30, 2021, the Company has applied the short-term lease exemption for its lease which was with a term of less than 12 months.

Accounting standards issued but not yet applied by the Company

At the date of the approval of the consolidated financial statements, a number of standards and interpretations were in issue but not yet effective. The Company considers that these new standards and interpretation are either not applicable or are not expected to have a significant impact on the Company's condensed consolidated financial statements.

Financial Instruments and Related Risks

The Company manages capital and its exposure to financial risks by ensuring it has sufficient financial capacity to support its exploration and development plans and long-term growth strategy.

The Company is subject to various financial risks that could have a significant impact on its financial condition and the Company's ability to advance its exploration projects. These risks include liquidity risk, credit risk, currency risk and financial market conditions relating to interest rates and mineral commodity prices.

Liquidity Risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company attempts to manage liquidity risk by maintaining sufficient cash balances to satisfy current and planned expenditures. The Company may from time to time have to issue additional shares to ensure there is sufficient capital to meet long term objectives.

Credit Risks

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is attributable to cash. To limit its exposure to credit risk, the Company held its cash with high-credit quality financial institutes in Canada.

Foreign Currency Exchange Risk

Foreign currency is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company is not presently exposed to foreign exchange risk. The acquisition of the Argentinian subsidiary will increase foreign currency risk including the risk that its investment in Argentina may be difficult or impossible to repatriate to Canada.

Global Financial Market Conditions

Events and conditions in the global financial markets, particularly over the last two years continue to impact commodity prices, interest rates and currency rates. These conditions, as well as market volatilities, may have a positive or negative impact on the Company's operating costs, project exploration and development expenditures, and planning the Company's projects.

Fair Value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

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 – unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – inputs that are not based on observable market data

Related Party Transactions

Transactions with related parties during the Three and nine months ended June 30, 2021 are as follows:

- i. The Company incurred a total of \$105,000 (2020 - \$nil) in management fees to directors and a former director of the Company.
- ii. The Company incurred \$nil (2020 - \$142,501) exploration and evaluation expenditures for geologist and assay services, from a company related to a former director.
- iii. On March 9, 2021 the Company granted 1,800,000 stock options, to certain directors and officers of the Company which entitle the holder to purchase one common share for each option held at a price of \$0.15 per share up to March 9, 2026.

In connection with this grant, the Company calculated stock-based compensation of \$130,846 to those directors and officers using the Black Scholes option pricing model with the following assumptions: Share price - \$0.10; Exercise price - \$0.15; Expected life – 5 years; Expected volatility – 107.36%; risk free interest rate – .99%.

- iv. On April 9, 2021 the Company issued 400,000 options to a director of the Company which entitles the holder to purchase one common share for each option held at a price of \$0.175 per share up to April 9, 2026 (Note 4)

In connection with this grant, the Company calculated stock-based compensation of \$43,165 using the Black Scholes option pricing model with the following assumptions: Share price - \$0.12; Exercise price - \$0.175; Expected life – 5 years; Expected volatility – 153.72%; risk free interest rate – .95%.

Monetary transactions with related parties have been recorded at their exchange amount, being the value of consideration as agreed to between the parties and are representative of their fair market value.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

Under Canadian securities laws, because the Company is a venture issuer, it is not required to certify the design nor provide an evaluation of its disclosure controls and procedures (“DC&P”) and internal control over financial reporting (“ICFR”) and therefore, has not completed such an evaluation. Accordingly, this MD&A does not contain a discussion relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instrument 52-109. In particular, management of the Company is not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

Accordingly, inherent limitations on the ability of the Company’s management to design and implement on a cost effective basis DC&P and ICFR for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

For the fiscal years and quarter ended September 30, 2013 through June 30, 2021, there were no changes in policies or procedures for DC&P and ICFR as compared to the prior fiscal years.