

MARGARET LAKE DIAMONDS INC.

MANAGEMENT DISCUSSION AND ANALYSIS

May 31, 2023

MARGARET LAKE DIAMONDS INC.

Management Discussion and Analysis
For the years ended May 31, 2023 and 2022

The following Management's Discussion and Analysis ("MD&A"), prepared as of October 2, 2023, should be read in conjunction with the audited financial statements and related notes thereto of Margaret Lake Diamonds Inc. ("Margaret Lake" or "the Company") for the years ended May 31, 2023, and 2022, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. All financial amounts are stated in Canadian dollars unless stated otherwise.

Additional information relating to the Company and its operations is available under the Company's profile on SEDAR at www.sedar.com

Forward Looking Statements

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "outlook", "forecast" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements in this MD&A include, but not limited to, the Company's current and future expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning mineral resource estimates and the interpretation of its airborne geophysical survey results may also be considered a forward-looking statement, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually explored and/or developed.

Forward-looking statements are based on a number of assumptions including, but not limited to, the assumptions about the availability of financing on reasonable terms for the Company's explorations projects, ability to fulfil its current and future commitments related to its option agreements and continue exploration and development of its mineral properties, as well as general and economic conditions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors including, but not limited to, changes in commodity prices, results of exploration and development activities, regulatory changes, defects in titles, timeliness of government approvals and permits, availability of financing to continue in business. These risks and uncertainties may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Please also see section 1.8 Risk and Uncertainties.

The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained into this report should not be unduly relied upon. The statements reflect the current beliefs of the management of the Company and are based on currently available information. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Readers should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur.

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Overall Performance

The Company is an exploration stage company engaged in the acquisition and exploration of mineral resource properties located in Canada and the United States. The Company was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on February 9, 2011. The Company's principal address and head office and registered and records office is Suite 501, 3292 Production Way, Burnaby, BC, V5A 4R4. The Company is listed as a "Tier 2" mining issuer on the TSX Venture Exchange (the "Exchange") trading under the symbol "DIA".

Subsequent to the year ended May 31, 2023, the Company completed a 10:1 share consolidation. All historical figures have been adjusted to reflect the consolidation.

Exploration Highlights and Objectives

Mormon Lake Uranium

During the year ended May 31, 2022, on January 17, 2021, the Company entered into a purchase option agreement with Gold Express Mines, Inc. ("GEM") whereby the Company was granted sole and exclusive rights to acquire a 100% interest in the Mormon Lake Uranium property consisting of 20 unpatented mining claims located near Payson, Arizona. GEM retains a 2% NSR on the property.

During the year ended May 31, 2022, the Company exercised its right to acquire 100% interest and paid US\$30,000 (CAD - \$38,230) and issued 500,000 common shares to complete its obligations pursuant to the option agreement.

During the year ended May 31, 2023, by way of Asset Purchase Agreement, the Company sold 100% of the shares of its wholly owned subsidiary, National Uranium Corp. ("National") a Colorado corporation which owns 100% of the mining claims known as the Mormon Lake Project, Gilla Country, Arizona ("Mormon Lake") for consideration of US\$23,000 (\$30,563), recording a loss on sale of \$142,667 (2022 - \$nil) (Note 4 to the financial statements). As such, the audited consolidated financial statements for the year ended May 31, 2023 include the accounts of the Company and National Uranium Corp. up to April 12, 2023, the date of disposition.

Diagras Property

On November 7, 2016, the Company entered into an Option and Joint Venture Agreement ("JV Agreement") with Arctic Star (TSX-V: ADD), under which it has acquired a 60% interest in 23 mineral claims located in the Northwest Territories, Canada (the "Diagras Property"). The Company formed a joint venture with Arctic Star (the "Diagras JV") to jointly explore the Diagras Property on the 60-40 joint venture basis, with the Company acting as the operator. The Company earned its 60% interest in the Diagras Property by making a bond payment of \$186,990 to the Government of the Northwest Territories in lieu of required exploration expenditures and a non-refundable filing fee of \$4,675.

During the year ended May 31, 2021, the Company's interest in the Diagras JV was diluted to 20% and Arctic Star became the operator of the Diagras JV. During the year ended May 31, 2022, the Company was further diluted to 18.5%.

As at May 31, 2023, the Company's pro-rata share of expenditures totals \$178,418 and the unapplied contribution for the program is \$43,966 (May 31, 2022 - \$43,966).

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The following table summarizes the Company's exploration and evaluation asset expenditures:

	Cobalt Projects	Mormon Lake	Diagras	Total
	\$	\$	\$	\$
Balance, May 31, 2021	176,000	-	525,318	701,318
Cash acquisition cost	-	38,230	-	38,230
Shares issued for acquisition	-	135,000	-	135,000
Deferred exploration costs	18,867	-	480,468	499,335
Write-off of exploration assets	(194,867)	-	-	(194,867)
Balance, May 31, 2022	-	173,230	1,005,786	1,179,016
Deferred exploration costs	-	-	178,418	178,418
Sale of exploration and evaluation asset	-	(173,230)	-	(173,230)
Balance, May 31, 2023	-	-	1,184,204	1,184,204

Proposed Transaction

Subsequent to the year ended May 31, 2023, the Company entered into a non-binding letter of intent (the "Proposed Transaction") to Acquire Emerging Goldfield Resources Ltd. ("Emerging") The transaction, as currently contemplated, would constitute a reverse take over of the Company and upon closing the Company ("DIA") will carry on the business of Emerging.

In addition, and in connection with the Proposed Transaction, the parties have agreed to use their "commercially reasonable efforts" to cause Emerging to complete a private placement of units of Emerging ("Units") (the "Proposed Private Placement").

Pursuant to the terms of the LOI, it is intended that the Company and Emerging will enter into a business combination by way of a share exchange, merger, amalgamation, arrangement, or other similar form of transaction. The final structure of the business combination is subject to receipt by the parties of tax, corporate, and securities law advice and will be agreed to and superseded by a definitive agreement (the "Definitive Agreement") between DIA and Emerging with such agreement to include representations, warranties, conditions and covenants typical for a transaction of this nature.

Terms of the Proposed Transaction

The LOI serves as an agreement in principle concerning a business combination between DIA and Emerging that will result in a reverse takeover of DIA. The Proposed Transaction will take the form of a business combination between DIA and Emerging whereby the DIA Securities and Emerging Securities will be exchanged on a 1:1 basis for an equivalent security of the Resulting Issuer (other than Emerging Shares or Margaret Common Shares held by shareholders who exercise their dissent rights, if applicable. Pursuant to the rules of the TSXV, a halt in trading is expected to continue until the completion of the Proposed Transaction. Sponsorship pursuant to rules of the TSXV may be required and Margaret may apply for a waiver. Margaret has not yet engaged a sponsor. The completion of the Proposed Transaction is also subject to several other conditions set out in the LOI, including approval by the directors of the Company and Emerging, satisfactory completion of due diligence, applicable regulatory approvals, and applicable shareholder

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approvals. A more comprehensive news release will be issued by DIA disclosing details of the Proposed Transaction, including financial information respecting Emerging, the names and backgrounds of all persons who will constitute insiders of the Resulting Issuer, and information respecting sponsorship, once an agreement has been finalized and certain conditions have been met, including:

- i. satisfactory completion of due diligence; and
- ii. execution of the Definitive Agreement.

The Exchange may require some or all of the Newco Common Shares issued to the holders of the Emerging Shares to be held in escrow pursuant to the requirements of the Exchange. The Proposed Transaction is subject to, satisfactory completion of due diligence, the execution of a Definitive Agreement, among other details, final approval of the Exchange and standard closing conditions.

Proposed Private Placement

Pursuant to the LOI, the parties have agreed to use their "commercially reasonable efforts" to cause Emerging to complete the Proposed Private Placement at a price per Unit of \$0.30 to raise gross proceeds of up to CAD \$1,500,000 or such other amount as the Parties may agree to. The Parties may engage an agent or syndicate of agents (the "Agents") for the Proposed Private Placement. A commission may be paid to the Agents or to individual registrants (including selling group members). The Agents may also be granted broker warrants of the number of Private Placement Common Shares sold by the Agents (including selling group members) in the Proposed Private Placement, with each broker warrant entitling the holder thereof to purchase one common share of the Resulting Issuer at a price equal to the price paid per Private Placement Common Share. Further particulars of the Proposed Private Placement will be disseminated in a news release to be issued upon finalization of its terms.

Each Unit is expected to have a subscription price of CAD\$0.30 per Unit and is expected to be comprised of one (1) common share in the capital of Emerging (an "Emerging Share"), and one Common Share purchase warrant of Emerging (a "Emerging Warrant"). Each Emerging Warrant entitles the holder thereof to purchase one (1) Emerging Share (a "Warrant Share", together with the Emerging Shares, the Emerging Warrants, and the Bonus Emerging Shares (defined below), the "Securities") at a price of CAD\$0.60 per Emerging Share expiring three (3) years from the completion of a going public transaction. In the event that Emerging has not completed a going public transaction within four (4) months following the closing date (the "Bonus Deadline"), the subscriber shall have the right to be issued by Emerging, and Emerging shall issue to the subscriber, for no additional consideration from the subscriber, such number of additional Emerging Shares as is equal to 10% of the number of Emerging Shares comprising the Units purchased by and issued to the subscriber pursuant to the subscribers subscription agreement at the closing time (such additional Emerging Shares, the "Bonus Shares")

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Selected Annual Information

	Years ended May 31,		
	2023	2022	2021
	- \$ -	- \$ -	- \$ -
Interest income	-	-	-
Net loss	(1,661,733)	(489,993)	(310,319)
Loss per share	(0.53)	(0.06)	(0.01)
Total assets	1,423,987	1,243,867	829,519
Total long term liabilities	-	-	-
Total equity (deficit)	865,307	40,293	(586,429)
Cash dividends per share for each class of share	-	-	-

Years ended May 31, 2023 and 2022

During the year ended May 31, 2023, the Company recorded a net loss of \$1,661,733 compared to a loss of \$489,993 during the year ended May 31, 2022. The change is mainly due to the following:

- 1) Marketing expenses increased to \$265,000 (2022 - \$7,336) expenses in the current year include costs related to creation of digital content, marketing and media distribution, and social media communications whereas there were no similar expenses in the prior year.
- 2) Advertising and IR expenses increased to \$233,000 (2022 - \$nil) relating to services utilized during the current year including investor marketing services, social media services, and content creation, whereas there were no similar expenses in the prior year.
- 3) Management fees increased in the current year to \$80,000 (2022 - \$nil) relating to the services of the CEO, whereas, in the prior year CEO compensation was included in wages and salaries.
- 4) Loss on sale of exploration and evaluation asset of \$142,667 (2022 - \$nil) in connection to the sale of the Mormon lake project, whereas, there were no comparable activities in the prior year.
- 5) Gain on forgiveness of accounts payable in the prior year of \$nil (2022 - \$644,619).
- 6) Write-off of exploration and evaluation assets in the prior year of \$nil (2022 - \$194,867)
- 7) The Company recorded wages and salaries expense in the prior year of \$nil (2022 - \$65,313) related to fees paid to the former CEO.

Results of Operations

Years ended May 31, 2023 and 2022

During the year months ended May 31, 2023, the Company had net loss of \$1,661,733 (2022 - \$489,993). The change is primarily due to the following:

- 1) Marketing expenses increased to \$265,000 (2022 - \$7,336) expenses in the current year include costs related to creation of digital content, marketing and media distribution, and social media communications whereas there were no similar expenses in the prior year.
- 2) Advertising and IR expenses increased to \$233,000 (2022 - \$nil) relating to services utilized during the current year including investor marketing services, social media services, and content creation, whereas there were no similar expenses in the prior year.
- 3) Management fees increased in the current year to \$80,000 (2022 - \$nil) relating to the services of the CEO, whereas, in the prior year CEO compensation was included in wages and salaries.

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- 4) Loss on sale of exploration and evaluation asset of \$142,667 (2022 - \$nil) in connection to the sale of the Mormon lake project, whereas, there were no comparable activities in the prior year.
- 5) Gain on forgiveness of accounts payable in the prior year of \$nil (2022 - \$644,619).
- 6) Write-off of exploration and evaluation assets in the prior year of \$nil (2022 - \$194,867)
- 7) The Company recorded wages and salaries expense in the prior year of \$nil (2022 - \$65,313) related to fees paid to the former CEO.

Three months ended May 31, 2023, and 2022

During the three months ended May 31, 2023, the Company had net loss of \$196,434 (2022 - \$230,634). The change is primarily due to the following:

- 1) Consulting fees decreased to \$nil (2022 - \$151,666) in the prior period, these expenses included costs related to business development services, other costs include payments to the former CEO, former CFO, and former directors.
- 2) Marketing expenses increased to \$15,000 (2022 - \$nil) relating to creation of digital content, marketing and media distribution, and social media communications whereas there were no similar expenses in the prior period.
- 3) Management fees increased to \$30,000 (2022 - \$nil) in connection to services of the CEO during the current period; whereas, there were no comparable costs in the prior period.
- 4) Write off of exploration and evaluation assets decreased to \$nil (2022 - \$194,867) in connection to the write off the Company's cobalt projects in the prior period.
- 5) Loss on sale of exploration and evaluation asset of \$142,667 (2022 - \$nil) in connection to the sale of the Mormon lake project, whereas, there were no comparable activities in the prior year.

Summary of Quarterly Results

The following is a summary of financial information concerning the Company for each of the last eight reported quarters.

Quarter ended	Interest Income	Earnings (Loss)	Income (Loss) per share
	\$	\$	\$
May 31, 2023	-	(196,434)	(0.06)
February 28, 2023	-	(260,235)	(0.01)
November 30, 2022	-	(248,998)	(0.01)
August 31, 2022	-	(956,066)	(0.05)
May 31, 2022	-	(230,634)	(0.03)
February 28, 2022	-	(597,280)	(0.06)
November 30, 2021	-	495,877	0.08
August 31, 2021	-	(157,956)	(0.00)

Loss for the quarter ended May 31, 2023, included marketing expenses of \$15,000, advertising and IR fees of \$2,000, management fees of \$30,000, and loss on sale of exploration and evaluation asset of \$142,667 for the sale of the Mormon Lake project which contributed to the main components of net loss in the period.

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Loss for the quarter ended November 30, 2022, included advertising and IR fees of \$114,000, professional fees of \$121,490, marketing expenses of \$15,000 and gain on debt settlement of \$77,827 which contributed to the main components of variance between the reporting periods.

Loss for the quarter ended August 31, 2022 included consulting fees of \$418,834, marketing expenses of \$105,000, shareholder communications of \$153,559 and an increase in professional fees to \$73,333.

Loss for the quarter ended May 31, 2022 included consulting fees of \$149,166 which included payments to the former CEO, former CFO, a director and former directors of the Company, forgiveness on historical accounts payable of \$51,777 and a write down of the reclamation bond on assignment of the reclamation bond to the JV partner of \$66,877 (2021 - \$nil).

Loss for the quarter ended February 28, 2022, included \$194,867 in write-down of exploration and evaluation assets related to the Cobalt properties and \$327,999 in consulting fees.

Income for the quarter ended November 30, 2021, was a result of a gain on forgiveness of historical accounts payable of \$582,842.

Liquidity and Capital Resources

At May 31, 2023 the Company reported a working capital deficit of \$318,897 compared to a working capital deficit of \$1,138,723 at May 31, 2022.

The Company's cash balance increased to \$108,756 at May 31, 2023 from \$19,548 as May 31, 2022.

The following are the share capital issuances during the year ended May 31, 2023:

On June 17, 2022, the Company closed the first tranche of a private placement financing raising a total of \$777,368 by way of issuing:

- 68,300 flow through units priced at \$1.50, each unit was comprised of one common share and one warrant exercisable to purchase one common share at a price of \$3.0 for a period of 24 months from the date of issuance and;
- 482,084 units priced at \$1.40, each unit was comprised of one common share and one warrant exercisable to purchase one common share at a price of \$2.80 for a period of 24 months from the date of issuance.

The Company paid a combined total of \$20,749 in finders fees on tranche 1 of the financing and issued 7,584 finder's warrants, each warrant entitles the holder to purchase one common share at a price of \$3.00 for a period of 24 months after the date of issuance and 5,064 finder's warrants, each warrant entitles the holder to purchase one common share at a price of \$2.80 for a period of 24 months after the date of issuance. The 7,584 finder's warrants were recorded at a fair value of \$6,597, measured using the Black-Scholes Option Pricing Model using the following assumptions: stock price on issue date of \$1.35, exercise price of \$3.00, expected life of 2 years, risk free rate of 3.20%, volatility of 161%, and dividend yield of 0%. The 5,064 finder's warrants were recorded at a fair value of \$4,475, measured using the Black-Scholes Option Pricing Model using the following

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assumptions: stock price on issue date of \$1.35, exercise price of \$2.80, expected life of 2 years, risk free rate of 3.20%, volatility of 161%, and dividend yield of 0%.

On July 18, 2022 the Company closed the second and final tranche of the private placement financing, raising a total of \$1,174,589 by way of issuing:

- 265,033 flow through units priced at \$1.50, each unit was comprised of one common share and one warrant exercisable to purchase one common share at a price of \$3.0 for a period of 24 months from the date of issuance and;
- 555,029 units priced at \$1.40, each unit was comprised of one common share and one warrant exercisable to purchase one common share at a price of \$2.80 for a period of 24 months from the date of issuance.

The Company paid a total of \$41,600 in finders fees on tranche 2 of the financing and issued 3,733 Finder's warrants, each warrant entitles the holder to purchase one common share at a price of \$3.00 for a period of 24 months after the date of issuance and 25,714 Finder's warrants, each warrant entitles the holder to purchase one common share at a price of \$2.80 for a period of 24 months after the date of issuance. The 3,733 finder's warrants were recorded at a fair value of \$4,345, measured using the Black-Scholes Option Pricing Model using the following assumptions: stock price on issue date of \$1.75, exercise price of \$3.00, expected life of 2 years, risk free rate of 3.22%, volatility of 157%, and dividend yield of 0%. The 25,714 finder's warrants were recorded at a fair value of \$30,387, measured using the Black-Scholes Option Pricing Model using the following assumptions: stock price on issue date of \$1.75, exercise price of \$2.80, expected life of 2 years, risk free rate of 3.22%, volatility of 157%, and dividend yield of 0%. Aggregate legal fees paid in connection to both tranches of the private placement totaled \$30,744.

On August 5, 2022, pursuant to a debt settlement agreement, the Company settled debt in the amount of \$53,537, by way of issuing 38,241 units, with each unit consisting of one share and one common share purchase warrant entitling the holder to purchase an additional share at a price of \$2.80 for a period of two years from the date of issuance. The fair value of common shares issued was \$26,768 and the fair value of warrants issued was \$13,401, measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price on issue date of \$0.70, exercise price of \$2.80, expected life of 2 years, risk free rate of 4.12%, volatility of 150%, and dividend yield of 0%.

On August 5, 2022, pursuant to a debt settlement agreement, the Company settled debt in the amount of \$75,000 by way of: a cash payment of \$10,000 and the issuance of 42,447 units, each unit consisting of one share and one common share purchase warrant entitling the holder to purchase an additional share at a price of \$2.80 for a period of two years from the date of issuance. The fair value of common shares issued was \$29,713 and the fair value of warrants issued was \$14,875, measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price on issue date of \$0.70, exercise price of \$2.80, expected life of 2 years, risk free rate of 4.12%, volatility of 150%, and dividend yield of 0%.

On November 3, 2022, pursuant to a debt settlement agreement, the Company settled debt in the amount of \$240,257 by way of: a cash payment of \$10,000, a cash payment of \$90,000 due on closing of the Company's next private placement financing under which the Company raises gross proceeds of not less than \$750,000 (accrued at May 31, 2023), and the issuance of 89,285 units, each unit consisting of one share and one common share purchase warrant entitling the holder to purchase an additional share at a price of \$2.80 for a period of two years from the date of issuance.

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The fair value of common shares issued was \$62,430 and the fair value of warrants issued was \$31,288, measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price on issue date of \$0.70, exercise price of \$2.80, expected life of 2 years, risk free rate of 4.12%, volatility of 150%, and dividend yield of 0%.

On February 14, 2023, the Company closed a non-brokered private placement financing by issuing 2,000,000 units at a price of \$0.20 per unit for gross proceeds of \$400,000. Each unit was comprised of one common share and one share purchase warrant, with each warrant exercisable for one common share at the price of \$0.50 for a period of 24 months from the date of issuance. The Company paid \$5,550 in share issuance costs in connection to this financing. The warrants are subject to an acceleration clause in the event the Company's common shares trade on the Exchange at a 10-day volume weighted average price equal to or greater than \$0.75.

To date, the other sources of funds potentially available to the Company are through the exercise of outstanding stock options and share purchase warrants. Certain amounts have been advanced by the current directors. There can be no assurance that any or all of these outstanding exercisable securities will be exercised or that further amounts may be loaned to the Company by directors.

The Company has not yet realized profitable operations to date and has relied on equity and convertible debt financings to fund its operations and exploration activities. The Company currently requires additional financing to continue in business and there can be no assurances that such financing will be available or if available, will be on reasonable terms.

The financial statements of the Company have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they fall due for the foreseeable future.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Risk and Uncertainties

The Company is engaged in the acquisition and exploration of mineral properties. These activities involve significant risks even with careful evaluation, experience and knowledge may not, in some cases, be eliminated. The Company's success depends on a number of factors, many of which are beyond its control.

The primary risk factors affecting the Company include the inherent risks in the mining industry and development business, environmental and health risks, regulatory constraints, economic or political conditions and commodities price fluctuation.

The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors will affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure and use, environmental protection and reclamation and closure obligations could also have a profound impact on the economic viability of a mineral property. Mining activities also include risks such as unexpected or unusual geological operating conditions, floods, fires, earthquakes, other natural or environmental occurrences and political and social instability.

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It is not 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 for other reasons. The Company does not currently maintain insurance against political or environmental risks. Should any uninsured liabilities arise, they could result in increased costs, reductions in profitability, and a decline in the value of the Company's securities.

There is no assurance at this time that the mineral properties the Company is investigating will be economically viable for development and production.

FINANCIAL INSTRUMENTS

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company's receivables consist of GST receivable due from the Federal Government of Canada. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Transactions with Related Parties

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers.

Key management compensation during the years ended May 31, 2023, and 2022 was as follows:

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	2023	2022
	\$	\$
Salaries and wages	-	65,313
Consulting fees	207,632	415,165
Directors fees	6,000	-
Management fees	80,000	-
Share-based compensation	116,697	88,099
Total	410,327	568,577

As at May 31, 2023, the Company had the following balances due to related parties:

- Due to the former CEO and or a company controlled by the former CEO, \$nil (May 31, 2022 - \$71,180);
- Due to the CEO \$51,700 for accrued management fees and accrued expenses (May 31, 2022 - \$nil) and \$nil (May 31, 2022 - \$28,500 due to a Company controlled by the CEO) in the form of a promissory note that accrued interest at 2% per month;
- Due to the former CFO and or companies controlled by the former CFO \$nil (May 31, 2022 - \$26,952).
- Due to a company controlled by a former director \$nil (May 31, 2023 - \$3,100)
- During the year ended February 28, 2023 the Company issued 8,571 units in payment of \$12,000 of accounts payable due to a company controlled by the former CFO, and recorded a gain on settlement of \$1,125;

The total balance due to related parties as at May 31, 2023 is \$51,700 (May 31, 2022 - \$129,732). As at May 31, 2023 \$90,500 (May 31, 2022 - \$224,952) was due to a company controlled by a former CEO of the Company with no specific terms of repayment.

During the year ended May 31, 2023, the Company had the following transactions with parties that were related parties during the year:

- Consulting fees of \$200,000 (2022 - \$nil), paid to a company controlled by the CEO;
- Management fees of \$80,000 (2022 - \$nil), paid or accrued to the CEO;
- Consulting fees of \$3,000 (2022 - \$nil), paid to a company controlled by the former CFO;
- Directors fees of \$6,000 (2022 - \$nil), paid to a director of the Company;
- Consulting fees of \$4,632 (2022 - \$242,999) paid to former related parties.
- Salaries and wages of \$nil (2022 - \$65,313) paid to the former CEO.

During the year ended May 31, 2023, there was \$116,697 (2022 - \$88,099) recorded in stock-based compensation expense in connection to options issued to certain directors and officers (2022 - former directors and officers) (Note 7 to the financial statements). During the year ended May 31, 2023, 25,000 of the stock options were cancelled in accordance with the terms of the stock option plan (Note 7 to the financial statements).

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Other Requirements

Summary of Outstanding Share Data as of May 31, 2023 and the current date:

Authorized: Unlimited number of common shares without par value.

Issued and outstanding:	4,741,230
Stock options outstanding	165,000
Warrants outstanding	4,136,458

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FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements for the year ended May 31, 2023, and this accompanying MD&A.