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**PEGASUS RESOURCES INC.**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at and for the three months ended

August 31, 2023 and 2022

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MANAGEMENT DISCUSSION AND ANALYSIS  
AS AT AND FOR THE THREE MONTHS ENDED AUGUST 31, 2023 AND 2022

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## **OVERVIEW**

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The following management discussion and analysis of the financial position of Pegasus Resources Inc. (“Company”) and results of operations should be read in conjunction with the unaudited condensed interim consolidated financial statements (the “Financial Statements”) for the three months ended August 31, 2023 and audited consolidated financial statements for the year ended May 31, 2023. The Financial Statements together with the following management discussion and analysis are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to potential future performance.

Additional information related to the Company is available for view on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), on the Company’s website at [www.pegasusresourcesinc.com](http://www.pegasusresourcesinc.com), or by requesting further information from the Company’s head office located at: 700 – 838 West Hastings Vancouver, BC, V6C 0A6 and its registered address is 725 Granville Street, Pacific Centre, Suite 400, Vancouver, BC V7Y 1G5.

Effective April 26, 2023, the Company consolidated its common shares on a 10:1 basis. All share and per share amounts in the consolidated financial statements have been retroactively restated to reflect the share consolidation.

Date of report: October 25, 2023.

## **NATURE OF BUSINESS AND OVERALL PERFORMANCE**

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The Company is engaged in the exploration and development of mineral resources, currently focusing on projects in North America.

As of the date of the report, the Company does not own any operating mines and has no operating income from mineral production. Funding for operations is raised primarily through public and private share offerings. It is not known whether the Company’s mineral properties contain reserves that are economically recoverable. The recoverability of amounts recorded by the Company for mineral property interests and related deferred exploration costs are dependent upon the discovery of economically recoverable reserves, the ability to raise funding for continued exploration and development, the completion of property option expenditures and acquisition requirements, or from proceeds from disposition.

The Financial Statements have been prepared under a going concern assumption which contemplates the Company will continue in operation and realize its assets and discharge its liabilities in the normal course of operations. Should the going concern assumption not continue to be appropriate, adjustments to carrying values may be required. The Company’s ability to meet its obligations and maintain its current operations is contingent upon successful completion of additional financing arrangements and ultimately upon the discovery of proven reserves and generating profitable operations.

Management expects to be successful in arranging sufficient funding to meet operating commitments for the ensuing year. However, the Company's future capital requirements will depend on many factors, including the costs of exploring and developing its resource properties, operating costs, the current capital market environment and global market conditions. The Company has a working capital deficiency at August 31, 2023 of \$406,590 (May 31, 2023 – \$521,059). For significant expenditures and resource property development, the Company will depend almost exclusively on outside capital. Such outside capital will include the issuance of additional equity shares. There can be no assurance that capital will be available, as necessary, to meet the Company’s operating commitments and further exploration and development plans. The issuance of additional equity securities by the Company may result in

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significant dilution to the equity interests of current shareholders. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the future success of the business could be adversely affected.

**FORWARD LOOKING STATEMENTS**

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Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and represent management's best judgment based on facts and assumptions that management considers reasonable, including that the demand for mineral deposits develops as anticipated, that operating and capital plans will not be disrupted by issues such as mechanical failure, unavailability of parts and supplies, labor disturbances, interruption in transportation or utilities, or adverse weather conditions, and that there are no material unanticipated variations in the cost of energies or supplies. The Company makes no representation that reasonable businesspeople in possession of the same information would reach the same conclusions.

This MD&A may include certain “forward-looking statements” within the meaning of applicable Canadian securities legislation. All statements other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive, strengths, goals, expansion and growth of the Company’s businesses, operations, plans and other such matters are forward looking statements. When used in this MD&A, the words “estimate”, “plan”, "anticipate", “expect”, “intend”, "believe" and similar expressions are intended to identify forward-looking statements.

These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, risks related to the unavailability of capital and financing on acceptable terms, unfavorable market conditions, inherent risks involved in the exploration and development of mineral properties, uncertainties concerning reserve and resource estimates, results of exploration, inability to obtain required regulatory approvals, unanticipated difficulties or costs in any rehabilitation which may be necessary, market conditions and general business, economic, competitive, political and social conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Additional factors are discussed in the section titled “Risks”.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Other than as required by applicable securities laws, the Company does not intend, and does not assume any obligation, to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements.

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**MINERAL PROPERTY INTERESTS**

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**AurCrest Properties, Ontario:**

**Garnet Lake Property:**

On February 3, 2020, the Company entered into an option agreement with Imagine Lithium Inc. (“Imagine”) (formerly “Infinite Ore Corp.”) under which Imagine can acquire an 80% interest in the Garnet Lake property. As per the terms of the agreement, the Company will transfer an 80% interest in the Garnet lake property in lieu of a total cash receipts of \$300,000, receipt of a total of 4,000,000 fully assessed common shares of Imagine and Imagine to incur \$1,500,000 in exploration expenditures over a thirty six month period as follows:

- Receive \$75,000 (received) on or before the date that is five business days from Exchange Approval Date.
- Receive \$75,000 (received) on or before the date that is six months from Exchange Approval Date.
- Receive \$150,000 (received) on or before the date that is twelve months from Exchange Approval Date.
- Receive 1,000,000 common shares of Imagine (received and valued at \$65,000) on or before the date that is five business days from Exchange Approval Date (December 31, 2020).
- Receive 1,000,000 common shares of Imagine (received and valued at \$130,000) on or before the date that is twelve months from Exchange Approval Date (December 31, 2021).
- Receive 2,000,000 common shares of Imagine on or before the date that is twenty-four months from Exchange Approval Date (December 31, 2022) – no longer applicable (see below).
- Imagine will incur \$400,000 in exploration expenditures on or before the date that is twelve months from Exchange Approval Date (December 31, 2021) – no longer applicable (see below).
- Imagine will incur \$400,000 in exploration expenditures on or before the date that is twenty-four months from Exchange Approval Date (December 31, 2022) – no longer applicable (see below).
- Imagine will incur \$700,000 in exploration expenditures on or before the date that is thirty-six months from Exchange Approval Date (December 31, 2023) – no longer applicable (see below).

Under the option agreement, Imagine shall pay to the Company a royalty of 1.0% on all mineral products produced from certain claims. Imagine has the right to purchase one-half (50%) of the royalty in consideration of paying \$500,000 to the Company.

The NI 43-101 and this option agreement was approved by the exchange on December 30, 2020

During the year ended May 31, 2022, the Company reacquired a 100% interest of the Garnet Property in consideration of the issuance of 5,000,000 common shares to Imagine (valued at \$250,000).

The Company has to pay a 2.0% net smelter return to the vendors of the property pursuant to the option agreement.

During the year ended May 31, 2023, the Company determined it would no longer explore the property and the impairment indicators were triggered accordingly. The Company entered into an option agreement with Compton Mining Corp (“Compton”) where Compton has an option to acquire a 100% interest in the property for cash consideration of \$75,000 and 3,000,000 common shares of Compton over a 2 year period once Compton gets listed on a stock exchange as follows :

- receive \$25,000 on or before the date that is within 10 days of the execution of the option agreement (July 23, 2023) (received on July 23, 2023).
- receive 1,000,000 common shares of Compton upon TSX Venture, CBOE, or CSE acceptance of the option agreement.
- receive \$25,000 and 1,000,000 common shares of Compton on or before the date that is the first year anniversary of Compton getting listed on a stock exchange (“Trading”).
- receive \$25,000 and 1,000,000 common shares of Compton on or before the date that is the second year anniversary of Trading.

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**Icefield Project, British Columbia:**

On September 9, 2020, the Company entered into an option agreement with DG Resource Management Ltd. (“the Optionor”) to acquire a 100% right, title and interest in and to the 7 mining claims in Icefield Gold Project, British Columbia. Pursuant to the option agreement, the Company is required to pay a total of \$50,000 in cash, issue 700,000 common shares and 200,000 share warrants in a period of two years as follow:

- Pay \$10,000 (paid) upon signing of the agreement (September 9, 2020).
- Pay \$15,000 in cash (paid), issue 100,000 common shares (issued on September 21, 2020 at a fair value of \$55,000), and 100,000 share purchase warrants (“warrants”) (granted and valued at \$50,300) within five days of the exchange approval date (September 16, 2020).
- Pay \$25,000 in cash (outstanding), issue 100,000 common shares (issued and valued at \$90,000), and 100,000 warrants (granted and valued at \$77,300) on the first anniversary of the exchange approval date (September 10, 2021).
- Issue 500,000 common shares on the second anniversary of the Exchange approval date (issued and valued at \$100,000).

Immediately on the Optionee satisfying all of the conditions set out above, the Optionee will be deemed to have exercised the Option and to have earned a 100% interest in and to the Property which will vest to the Optionee, subject to the NSR royalty.

In the event that a gold equivalent resource of more than 1 million ounces is outlined within a NI 43-101 resource estimate, the Company will be required to pay \$1,000,000 within 30 days of receiving such resource estimate, in common shares or cash or a combination of both, at the Company’s discretion and subject to the policies of the Exchange.

A 2.0% net smelter return royalty is payable to the Optionors, of which 1.0% may be purchased at any time in consideration of \$1,000,000.

The Company agrees to engage the Optionor for all exploration work conducted on the property during the term of this agreement plus 12 months. The Company continues to engage the Optionor for future work on the property, with a future mapping and sampling program planned for fall 2023, weather permitting.

The Company has negotiated an extension for the outstanding amount of \$25,000. The payment is now due by the earlier of September 9, 2024 or the Company’s next financing.

**2023 work at Golden Project:**

At the Golden Project in southeastern BC, a follow up to the 2021 mapping and sampling program is planned for fall 2023. The 2020 and 2021 work reported by the Company at the three claim blocks which constitute the Golden Project (Gold Mountain, Vertebrae Ridge and Punch Bowl) have identified extensive copper, gold and silver results, and the Company expects to continue to delineate the mineralized zones.

A) Gold Mountain Highlights

- Early-stage gold/silver property located approximately 50 km NW of Golden, BC, just north of Highway 1.
- The property is comprised of two mineral claims over 802 ha and encompasses the historic Grizzly occurrence featuring gold and silver hosted within polymetallic quartz / carbonate veins.
- Exploration during 1982 at the North Showing, near the adit, identified a 1 m wide quartz vein, which returned a grab sample of 4.87 g/t Au, 647 g/t Ag and 1.89% Cu.
- At the South Showing, five veins are exposed by trenches within a zone about 4 m wide, a peak value of 30.3 g/t Au, 123.1 g/t Ag and 32.54% Cu was returned.

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- Eight shallow back pack style drill holes were completed in 1984, though poor recoveries were noted, results include:
  - 4.04 m - 59.04 g/t Au, 6,863.1 g/t Ag, 16.9% Cu, and 8.95% Pb; and
  - 4.50 m - 7.89 g/t Au, 942.2 g/t Ag, 2.3% Cu, and 5.26% Pb.
- 2020 work identified the following:
  - Polymetallic mineralization over 600 to 700 m strike; and
  - High grades of silver/gold with 4 samples returning from 1,000 to 6,670 g/t Ag, 3 of which also returned Au values ranging from 2.14 to 7.44 g/t.

B) Vertebrae Ridge Highlights:

- Early-stage copper/polymetallic property located approximately 30 km NW of the Gold Mountain property and 80 km NW of Golden, BC.
- The property is comprised of four mineral claims over 5324 ha.
- 2020 exploration identified three areas of mineralization as follows:
  - Zone 1: 18 rock samples collected over a 1,400+ metre strike with sample assays up to 4.13% Cu, 28.6% Pb, 4.74% Zn, and 360 g/t Ag; and exhibits anomalous concentrations of As, Hg and Sb, in addition to Cu, Pb, Zn and Ag;
  - Zone 2 North: 13 rock samples collected over a 650+ metre strike returned an arithmetic average of 2.5% Cu and 4.5 g/t Ag, with peak values of 10.7% Cu and 29.1 g/t Ag; and
  - Vein 160 Showing: Seven rock samples collected over an approximate 250 metre strike returned an arithmetic average of 10.5% Cu and 14.7 g/t Ag, with peak values of 35.5% Cu and 96.7 g/t Ag.

C) Punch Bowl Highlights:

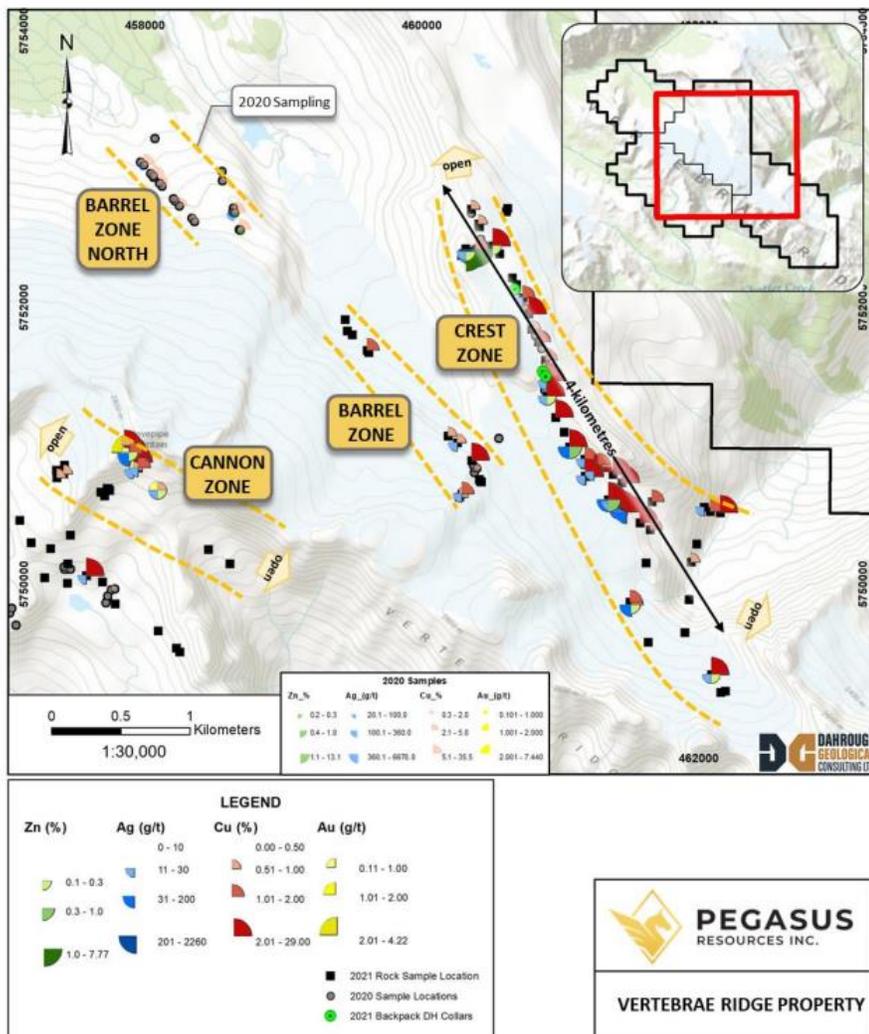
- Early-stage gold property located approximately 90 km NW of the Gold Mountain property and 140 km NW of Golden, BC.
- The property is comprised of three mineral claims over 3,079 ha.
- The property surrounds the historic Punch Bowl showing where discrete quartz-gold veins are hosted within quartzites and pelites of the McNaughton Formation.
- In 2020, 39 samples were collected which had anomalous gold mineralization, of which fourteen (14) samples returned assays greater than 0.1 g/t with the highest assay returning at 3.41 g/t Au.

On December 14, 2021, the Company announced results of the summer 2021 prospecting and backpack drilling program carried out on its wholly owned (100% Pegasus) Vertebrae Ridge Property located north of Golden, British Columbia. The Vertebrae Ridge Property is comprised of four claims encompassing about 5,324 ha (13,156 acres) roughly 81 kilometers northwest of Golden, BC. The eight-day prospecting campaign during August 2021 resulted in the extension of known polymetallic mineralization trends, the confirmation of significant mineralization continuity at historically sampled locations, and the discovery the Canon Cu-Au Zone. The Company believes the newly discovered Canon Zone, may be related to a large oval, alkaline intrusion located a short distance west of the mineralized area.

- Crest Zone: 65 samples of rock and float samples collected over nearly 4,000-meter strike of mineralized Copper ± Ag/Pb/Zn outcrop. Of the 65 samples:
  - 34 are >1% Cu and 22 samples are >2% Cu. All samples averaged 2.7% Cu, the highest value is 29% Cu.
  - 22 are >10 g/t Ag and 8 samples >30 g/t Ag. All samples averaged 16 g/t Ag and the highest value is 201 g/t Ag.
  - For zinc, all samples averaged 0.26% Zn, the highest value is 7.77% Zn.
  - For lead, all samples averaged 0.66% Pb and the highest value is 17.4% Pb.

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- Barrel Zone: 13 copper-bearing carbonate vein samples collected over 1500+ meter strike:
  - Six are greater than 0.5% Cu and 3 samples are greater than 1% Cu. The samples averaged 0.87% Cu, the highest value is 5.06% Cu.
  
- Cannon Zone: 26 samples collected over an area that is 500 meters wide by 1,100 meters strike length from a structurally controlled quartz-carbonate vein and breccia system bearing chalcopyrite-chalcocite mineralization:
  - 14 are greater than 0.5% Cu and 9 samples are greater than 1% Cu. The samples average 1.03% Cu and the highest value is 3.55% Cu.
  - 2 samples carry significant gold mineralization with 1.44 g/t Au and 4.22 g/t Au.



*Figure 1. 2021 program rock sample locations and mineralized trends.*

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*Crest Zone*

The Cu-Ag-Zn mineralized system was extended and sampled over nearly 4,000 meters strike length and averaged 2 to 5 meters wide, reaching 15 meters width locally. Mineralization consists dominantly of finely disseminated chalcopyrite-chalcocite-malachite-azurite with instances of sulphide veinlets and small pods (~1m<sup>2</sup>) of semi-massive chalcopyrite. The mineralization appears associated with polymetallic quartz-carbonate veins and breccias, is open in all directions, and is orientated southeast-northwest. The veins crosscut altered limestone, dolostone, quartzite, and mudstone. Galena mineralization was identified in newly discovered parallel veins in the southeastern extent of the system. Polymetallic mineralization also appears to increase spatially throughout the zone and in strength toward the southeast.

Four additional galena-bearing brecciated quartz veins, similar to a vein from which sample 148631 was collected, were discovered in the vicinity of this occurrence during the 2021 program. The mineralized system of veins and breccias measure over 100 meters along strike and is orientated perpendicular to the Crest Zone, striking northeast-southwest.

*Crest Zone Drilling*

Four shallow backpack-style drill holes were attempted along Zone 1 in outcrops bearing anomalous copper mineralization sampled during the fall 2020 program. Chalcopyrite-chalcocite mineralization was confirmed at depths of up to 1.55 meters, and in all cases ended in mineralization due to severe depth limitations of the drill. Malachite and azurite frequently occupied open fractures within core. Figure 2 below displays chalcopyrite mineralization with pyrite rims in a quartz breccia matrix from a drillhole at the southern extent of Zone 1.



*Figure 2. Mineralized core from 2021 backpack drilling*

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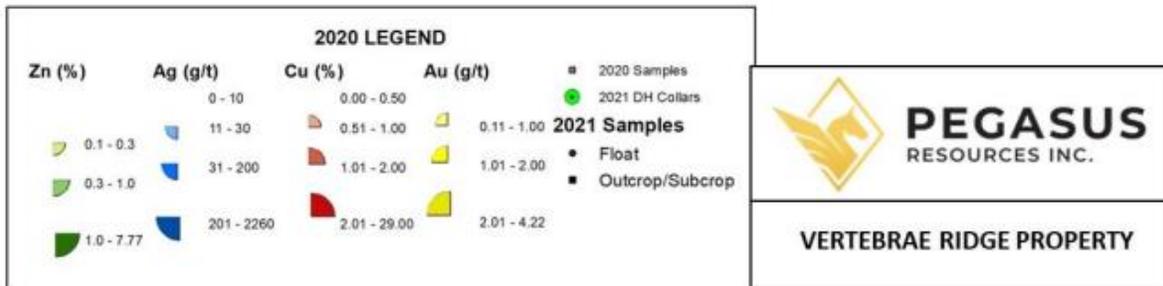
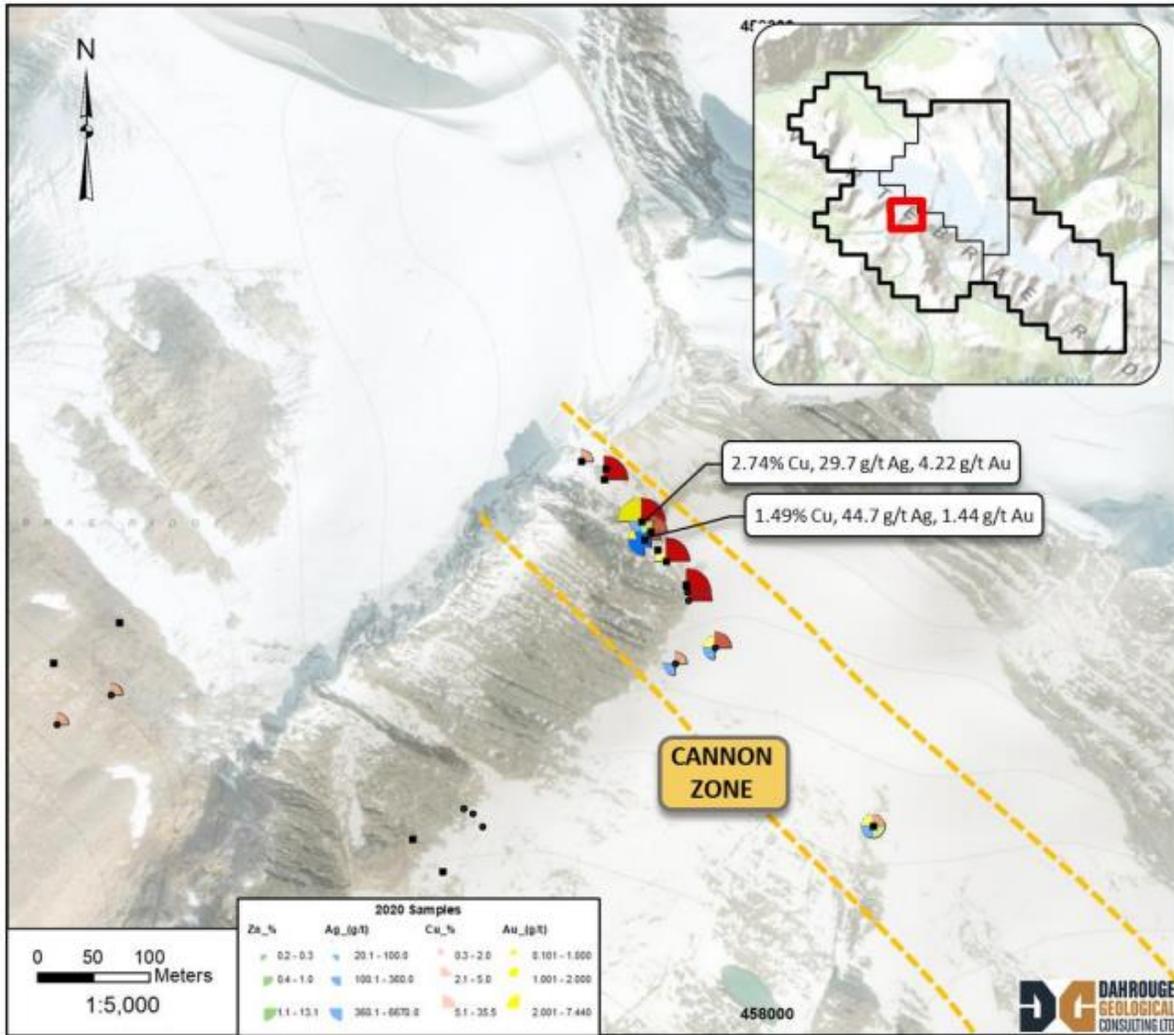
*Barrel Zone*

Mineralization at the Barrel Zone was examined and sampled over 1500 meters strike length where widths approached 1-2 meters. It is considered open at both ends. It appears to strike towards the copper mineralized system discovered in the fall of 2020 and may represent the same mineralized system and would be an aggregate strike length of 3500 metres. 13 samples were collected along this trend where mineralization consists of chalcocite-chalcopyrite in comparable quantities within coarse grained quartz-carbonate veins/breccias. The system crosscuts weakly altered limestone, dolostone, and dolomitic mudstones along a mapped thrust fault. Zone 2 likely forms a continuum with Zone 2 North, though the trend cannot be confirmed due to extensive glacial ice and debris cover. If conjoined, Zone 2 would reach nearly 3,400 meters. Zones 1 and 2 may converge in the southeastern claim of Vertebrae Ridge, though additional exploration is required.

*Cannon Zone*

The Cannon Zone was discovered during the August 2021 program along an unmapped steeply dipping fault about 3 kilometers southwest of the Crest Zone and due east of a previously mapped alkaline intrusive. This zone is orientated southeast-northwest, measures 1-5 meters wide, and was confirmed over a strike length of nearly 1,000 meters. The Cannon Zone occupies the contact of quartzite and mudstone, with mineralized quartz veins often following sheer planes in phyllite. Mineralized quartzcarbonate breccias were also observed to crosscut quartzite and weakly altered limestones and dolostones. The Cannon Zone consists of chalcopyrite-chalcocite with malachite and azurite frequently staining outcrop and boulders. Mineralization appears to increase to the Northwest though additional exploration is required to better understand this system. Analytical results show appreciable gold (1.44 g/t Au and 4.22 g/t Au) when compared to the other base-metal enriched zones on the property.

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*Figure 3. Cannon Zone Rock Sample Summary*

*Airborne Geophysics*

The Company also commissioned an airborne magnetic survey to cover the Vertebrae Ridge Property. A cursory review of the recently completed survey supports the geological interpretation of the project by defining linear breaks, faults, alkaline intrusive(s) and prospective units on the Vertebrae Ridge Property.



Figure 3. Characteristic chalcopyrite-chalcocite-malachite-azurite mineralization in quartz breccias the Cannon Zone.

On January 4, 2022, the Company announced the conclusion of the summer 2021 prospecting program carried out on its wholly owned (100% Pegasus) Gold Mountain (“Gold Mountain”) and Punch Bowl (“Punch Bowl”) properties located north of Golden, British Columbia.

A brief exploration program was carried out at Gold Mountain during August 2021 including:

- Extension of polymetallic mineralization from 600 meters to over 900 meters in strike length with sample 151659: 1.63% Cu, 76 g/t Ag, 2.34 g/t Au;
- Confirmation sampling of main zone with sample 151637: 0.37% Cu, 2260 g/t Ag, 0.99 g/t Au, 4.6% Zn;
- 7 samples collected for petrographic analysis and characterization of mineralization, textures and alteration.

A brief exploration program was carried out at Punch Bowl during August 2021 including:

- Additional confirmation of the historical work on the property, confirming mineralization within several separate gold-bearing veins with 24 samples collected at the main gold prospect, seven (7) of which are greater than 0.1 g/t Au and two (2) are greater than 1.0 g/t Au (Figure 3).
- Discovery of a new copper mineralized zone, located approximately 2.5 km southeast of the main gold zone. Of the 13 samples of outcrop and float, six (6) samples are greater than 0.1% Cu and are up to 1.68% Cu (Figure 3).

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The Ag-Au-Pb-Zn-Cu-Sb mineralized system at Gold Mountain was extended from approximately 600 meters length on surface to over 900 meters. The mineralized system is oriented southeast-northwest and is considered open in all directions. Mineralization consists of galena-chalcocite-malachite-azurite (see Figure 1) and coincides with the margins and intersections of quartz-carbonate veins, suggesting additional mineralized vein systems are located on the property. Irregular shaped pods of mineralization form at these intersections, reaching 0.75m long by 0.25m wide. A total of thirty-six (36) samples were collected from veined and altered outcrop and float/boulders during the summer 2021 program (Figure 2).



Figure 1. Mineralization present on the Gold Mountain Property. Left: oxidized botryoidal galena with malachite. Right: galena-chalcocite-malachite mineralization in a quartz-carbonate vein.

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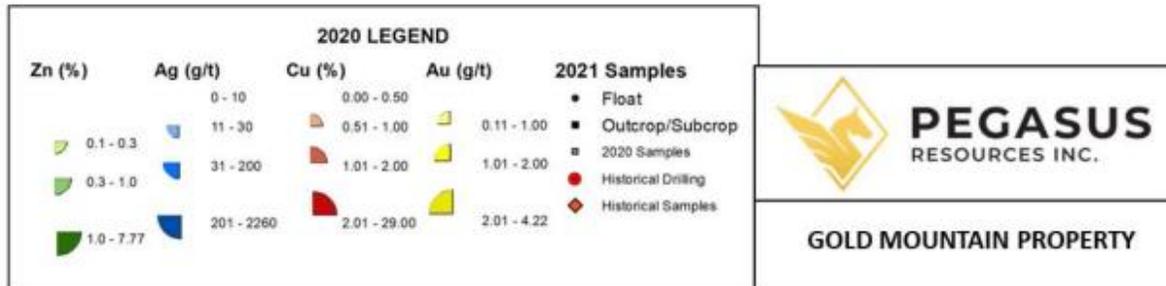
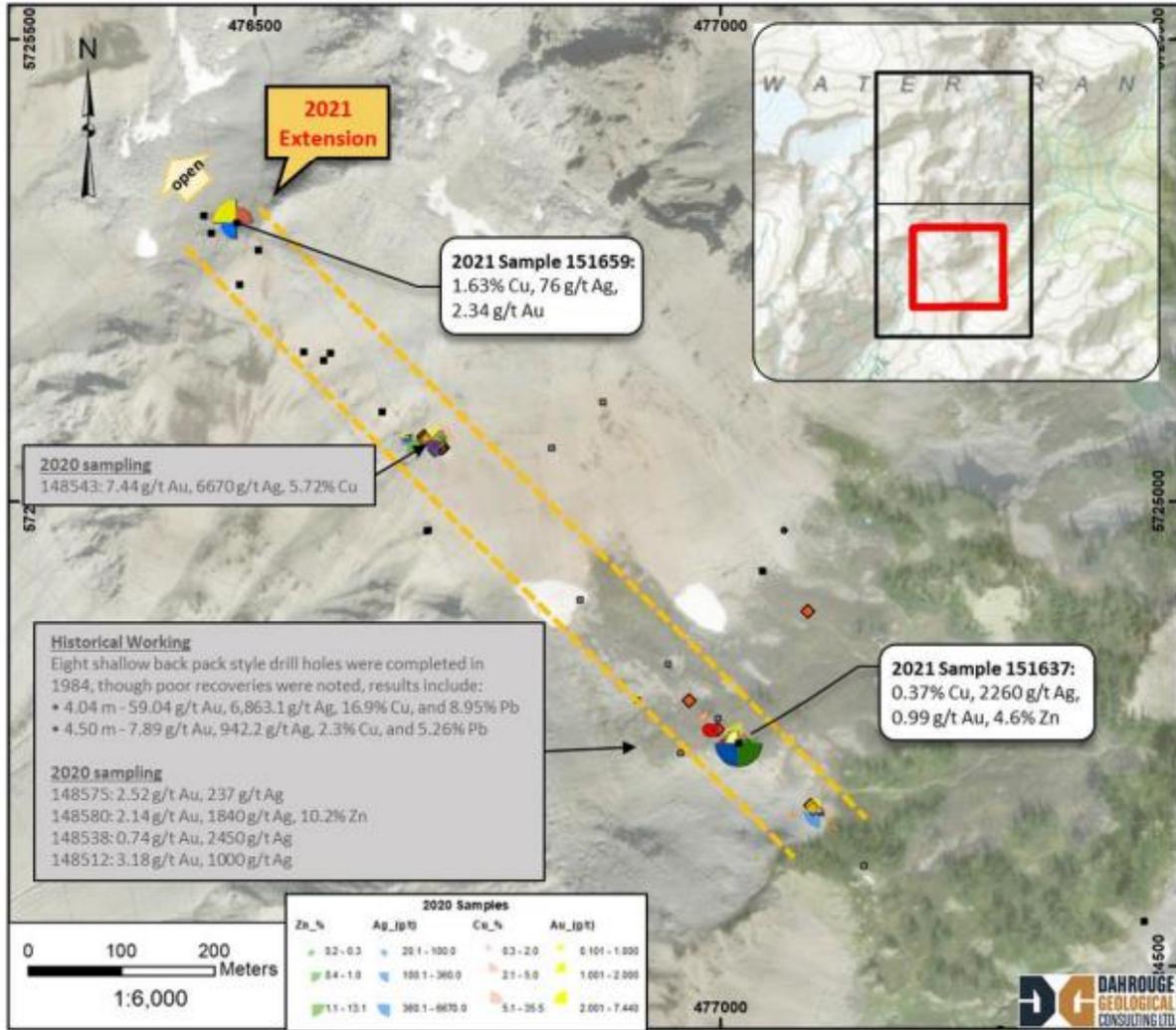
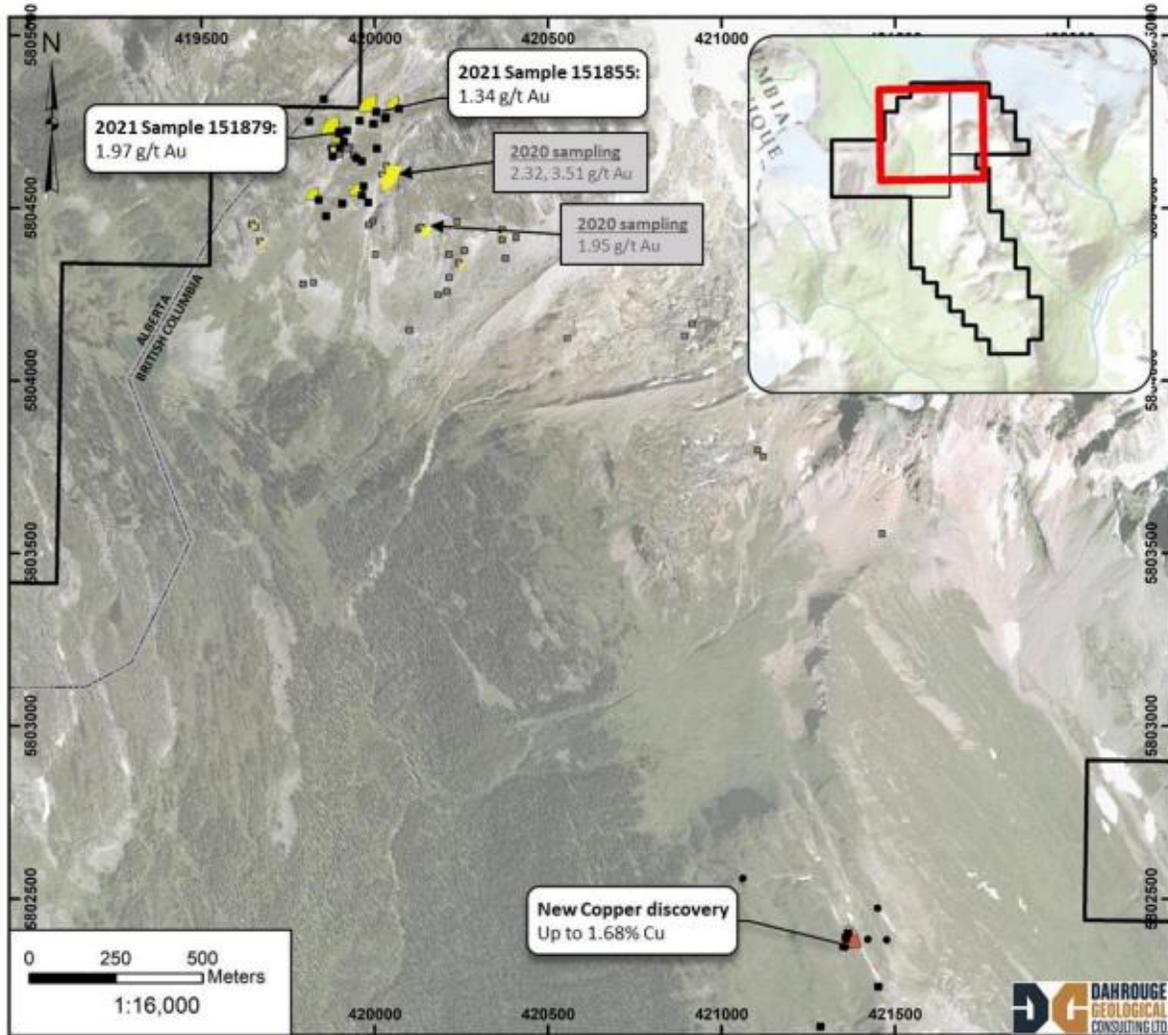


Figure 2: Gold Mountain Property sample locations.

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LEGEND			
2021 Samples	2021 Sample	2021 Sample	2020 Sample
	Cu (%)	Au (g/t)	Au (g/t)
• Float	0.11 - 1.00	0.11 - 1.00	0.101 - 1.000
■ Outcrop/Subcrop	1.01 - 2.00	1.01 - 2.00	1.001 - 2.000
■ 2020 Samples	2.01 - 29.00	2.01 - 4.22	2.001 - 7.440



*Figure 3. Sample summary of the Punch Bowl Property*

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*About Gold Mountain*

Exploration during 1982 at the North Showing identified a 1 m wide quartz vein, which returned a grab samples of 4.87 g/t Au, 647 g/t Ag and 1.89% Cu.

At the South Showing, five veins are exposed by trenches within a zone about 4 m wide, a peak value of 30.3 g/t Au, 123.1 g/t Ag and 32.54% Cu was returned.

Eight shallow back pack style drill holes were completed in 1984, though poor recoveries were noted, results include:

- 4.04 m - 59.04 g/t Au, 6,863.1 g/t Ag, 16.9% Cu, and 8.95% Pb
- 4.50 m - 7.89 g/t Au, 942.2 g/t Ag, 2.3% Cu, and 5.26% Pb

2020 Sampling confirmed high-grade mineralization at the South Showing with 4 samples returning from 1,000 to 6,670 g/t Ag.

*About Punch Bowl*

Historic work identified Siliciclastic-hosted gold mineralization with variable quartz veins, which contain from background up to 500 g/t Au from grab samples.

Gold mineralization at the Punch Bowl claims was discovered in the late 1960's . Samples from this period returned a maximum value of 80 oz/t Au. Exploration by Gamsan Resources in 1987/1989, confirmed the presence of numerous high-grade gold veins (Shaw and Morton, 1989).

Fifty-three (53) samples were collected from a short property-visit in 2020, with thirty-nine (39) returning anomalous Au values, of which fourteen (14) samples returned assays greater than 0.1 g/t with the highest assay returning at 3.41 g/t Au.

**Pine Channel Property, Saskatchewan:**

On October 5, 2021, the Company entered into an option agreement to acquire interest in Pine Channel Claim located in the Athabasca Basin of northern Saskatchewan.

Pursuant to the option agreement to acquire a 100% interest in the property, the Company will issue 50,000 common shares to Eagle Plains Resources (issued and valued at \$45,000).

A 2% NSR will be granted to the vendors with 1% purchasable by the Company at any time for \$1,000,000.

The Company entered into a separate option agreement to acquire a 70% interest in additional claims on the property from ALX Resources Corp. in consideration of the following payments:

*Cash payments*

- i) \$25,000 cash payment on or before October 27, 2021 (paid).
- ii) \$25,000 cash payment on or before October 27, 2022 (paid).

*Share issuances*

- i) 10,000 common shares on or before October 27, 2021 (issued and valued at \$9,000).
- ii) 15,000 common shares on or before October 27, 2022 (issued and valued at \$4,500).
- iii) 20,000 common shares on or before October 27, 2023 (subsequently issued).
- iv) 25,000 common shares on or before October 27, 2024.

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*Exploration expenditures*

- i) incur exploration expenditures of \$300,000 on or before October 27, 2024.

Upon completing the 70% earn-in interest, the Company will have the option to earn in the remaining 30% interest by making a cash payment of \$200,000 and issuing 50,000 common shares over an additional 2-year period.

**Pine Channel Property Highlights:**

- The Property is prospective for unconformity-related uranium mineralization, with a very shallow depth to the basement from surface of about 60 to 100 metres;
- Historical work identified two conductive trends on the property. One trend is approximately 2.5 km long, defined by both airborne and ground electromagnetic (EM) surveys. The second, a 600-metre long conductor has not yet been followed up with a ground EM survey(s) or drilling; and
- Drilling in 1981 identified anomalous uranium in a hematite-rich fracture within Athabasca sandstone rocks, directly above unconformity in hole PC81-2 with 0.15% U3O8 over 0.15m.

The property with a thin cover of Athabasca Basin, is underlain at shallow depths by the structurally complex Tanto Domain, which is host to numerous U, Cu, Ni and Au occurrences.

**Historical Exploration**

During the 1970's Denison Mines Ltd. conducted both airborne and ground geophysical surveys at and around the Pine Channel property. During 1979, Denison drilled a total of 12 diamond drill holes in the area to test a conductor that was coincident with a magnetic contact.

Results were very encouraging and included:

- PN-79-1: 0.028% U3O8 across 1.2 m within brecciated basement rocks,
- PN-79-2: 0.062% U3O8 across 0.6 m within altered basement rocks, and
- PN-79-3: 0.039% U3O8 across 0.7 m within Athabasca Basin sandstone.

In 1981 Denison completed an additional four holes on the Pine Channel Property to test ground geophysical conductors at the same location as the 1979 drill holes. At least four drill holes intersected elevated radioactivity directly above the unconformity, including PC81-2 which intersected 0.15% U3O8 over 0.15m.

The property remained idle until about 2005 when UEX Corporation completed an airborne magnetic, radiometric and gravity survey, as well as an airborne MegaTEM survey atop the Pine Channel Property and surrounding area.

**Exploration 2023-2024**

The Company has applied to extend its permit to include drilling and has engaged YNLR for First Nations consultation. Once permits have been secured, the Company will engage DG Consulting to tender bids for the upcoming drilling program.

With the discovery of NexGen's Arrow deposit, recent exploration in and around the Athabasca Basin has included the search for other high-grade, basement-hosted uranium occurrences. The Pine Channel property has several important attributes which make it an attractive exploration target for this deposit type:

- structurally complex basement lithologies,
- altered basement rocks associated with a conductive trend, and
- multiple drill holes having intersected highly anomalous radioactivity, ranging from 0.028 to 0.15% U3O8.
- The location and road accessibility provide for an opportunity to conduct advanced exploration year-round at Pine Channel.

### Athabasca Uranium Properties

On October 20, 2021, the Company entered into an option agreement to acquire interest in four uranium properties located immediately northwest of the prolific Athabasca Basin of northern Saskatchewan.

Pursuant to the option agreement to acquire a 100% interest in the property, the will reimburse staking costs of approximately \$35,000 (paid) and issued 120,000 common shares (issued and valued at \$108,000).

A 2% NSR will be granted to the vendors with 1% purchasable by the Company at any time for \$1,000,000.

The Company is also required to issue 15,000 common shares (issued and valued at \$13,500) as finder's fee.

On December 1, 2021, the Company announced that permitting has commenced on its uranium projects, located in the Athabasca Basin region of northern Saskatchewan. Cumulatively, the uranium land package encompasses approximately 60,054 ha over 19 mineral claims and includes the Pine Channel, Mozzie Lake, Wollaston Northeast, and Bentley Lake properties (Figure 1).

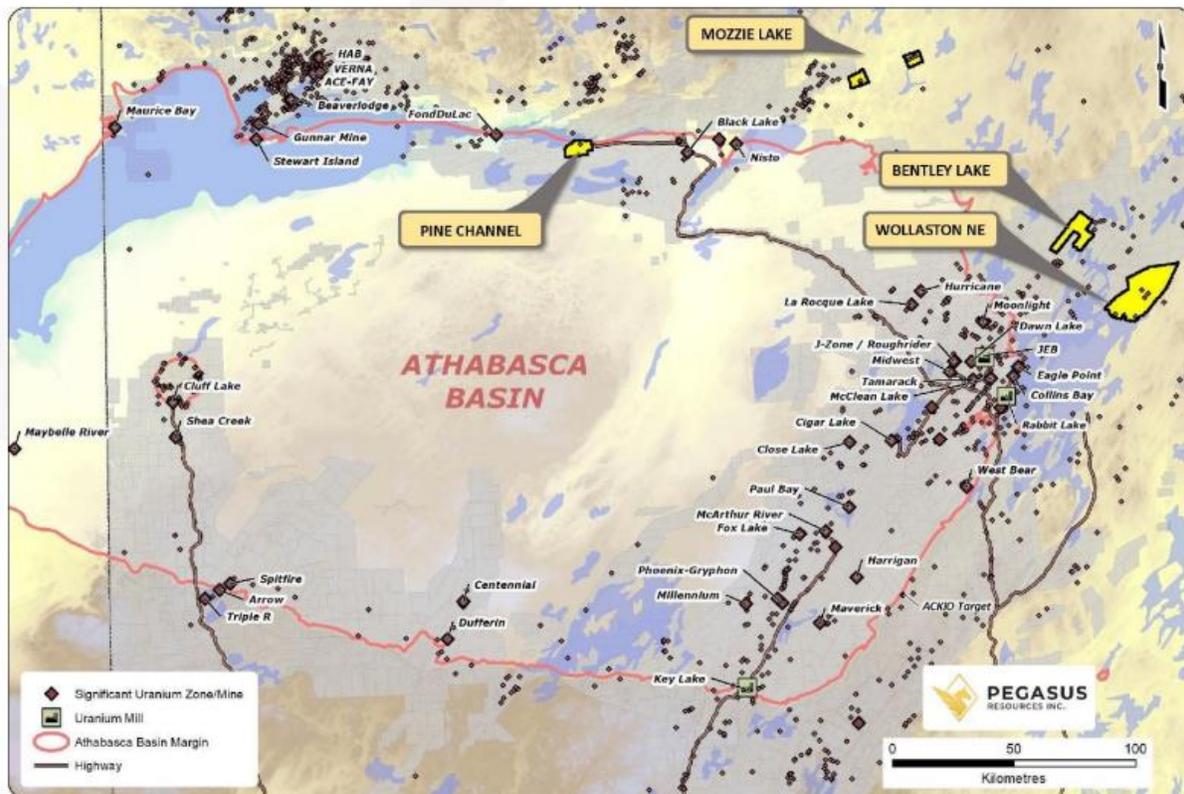


Figure 1: Location of the Company's uranium properties

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### **Exploration 2023-2024**

The Company intends to do a first-pass geological exploration plan across the Bently, Wollaston Northeast and Mozzie Lake properties. During the first pass study, geologists will conduct a broad assessment to gather basic information about the geological features, rock formations, and potential uranium mineralization in an area.

### **Energy Sands Project**

On February 23, 2022, the Company announced the acquisition, by staking, of the Energy Sands Project, located in Emery County, Utah. The Project consists of sandstone-hosted uranium and vanadium mineralization with demonstrated potential to establish resources, with historical small-scale mining having occurred in two isolated regions of the Property.

Project highlights:

- 30 unpatented lode claims, totalling 600 acres
- Located within the San Rafael Uranium District, and approximately 4 kilometres from the San Rafael Uranium Project of Western Uranium.
- Historical small-scale production, between 1953 and 1956, totalling 51.8 Tons at a grade of 0.373% U<sub>3</sub>O<sub>8</sub> and 1.10% V<sub>2</sub>O<sub>5</sub>.

Uranium mineralization on the project is hosted within the Salt Wash Member of the Jurassic Morrison Formation. Mineralization within the Tidwell Mineral Belt of the San Rafael Uranium District is oriented in a series of roughly northeast trends. Individual mineralized bodies are tabular to lenticular with the long axis aligned along the trend.

The Energy Sands Project is on-trend and approximately 4 kilometres from the Western Uranium's Rafael Uranium Project, which is host to 758,050 tons of indicated mineral resources averaging 0.225% U<sub>3</sub>O<sub>8</sub> and 0.30% V<sub>2</sub>O<sub>5</sub> (containing 3,404,600 million pounds of U<sub>3</sub>O<sub>8</sub> and 4,595,600 million pounds of V<sub>2</sub>O<sub>5</sub>); and 453,850 tons of inferred mineral resources averaging 0.205% U<sub>3</sub>O<sub>8</sub> and 0.28% V<sub>2</sub>O<sub>5</sub> (containing 1,859,600 million pounds of U<sub>3</sub>O<sub>8</sub> and 2,510,600 million pounds of V<sub>2</sub>O<sub>5</sub>), at a cut off grade of 0.06% U<sub>3</sub>O<sub>8</sub>.

A historical report, archived by the United States Geological Survey (USGS) outlines small-scale production of uranium by the Minerals Corporation of America, totalling 51.8 Tons at a grade of 0.373% U<sub>3</sub>O<sub>8</sub> and 1.10% V<sub>2</sub>O<sub>5</sub> occurred between 1953 and 1956 (Byers & Robertson, 1956).

During the year ended May 31, 2022, the Company paid \$33,657 for staking on the property. The Company plans to start a mapping and sampling program for Fall 2023.

### **Exploration 2023-2024**

The Company intends to do a first-pass geological exploration plan at Energy Sands. During the first pass study, geologists will conduct a broad assessment to gather basic information about the geological features, rock formations, and potential uranium mineralization in an area.

## **RESULTS OF OPERATIONS**

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### **Operational activities:**

*Three Months ended August 31, 2023*

During the three months ended August 31, 2023, the Company had a comprehensive loss of \$167,588, compared to \$360,930 during the three months ended August 31, 2022. Significant comparative variances for the period ended August 31, 2023 and 2022 were:

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Business development and shareholder communications of \$5,371 (2022 - \$99,837) decreased due to reduced levels of promotional activities for the purpose of conserving funding during the current period.

Professional fees of \$30,912 (2022 - \$18,019) increased due to legal services incurred to facilitate the transfer of mineral claims during the current period.

Unrealized gain on marketable securities of \$43,382 (2022 – \$158,167) decreased due to the change in fair value of marketable securities owned by the Company during the current period.

Realized loss on disposal of marketable securities of \$49,702 (2022 – \$235,442) due to sales of marketable securities received pursuant to the option out agreement for mineral properties during the current period.

Office services and miscellaneous expenses of \$7,647 (2022 – \$21,192) decreased due to fewer activities during the current period.

**SUMMARY OF QUARTERLY FINANCIAL RESULTS**

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The following table provides a summary of the Company’s eight quarterly results:

	31-Aug-23	31-May-23	28-Feb-23	30-Nov-22
Revenue	\$Nil	\$Nil	\$Nil	\$Nil
Net loss for the period	(167,588)	(669,440)	(169,661)	(300,803)
Loss per share	(0.01)	(0.05)	(0.01)	(0.03)
	31-Aug-22	31-May-22	28-Feb-22	30-Nov-21
Revenue	\$Nil	\$Nil	\$Nil	\$Nil
Net income (loss) for the period	(378,930)	(881,886)	271,622	(211,130)
Income (loss) per share	(0.04)	(0.09)	0.03	(0.02)

Fluctuations in the Company’s expenditures reflect the seasonal variations of exploration and the ability of the Company to raise capital for its projects.

Decreased loss for the quarter ended August 31, 2023 compared with the previous quarter was primarily due to \$43,382 in unrealized gain on revaluation of marketable securities and \$12,101 in write-off of accounts payable.

Increased loss for the quarter ended May 31, 2023 compared with the previous quarter was primarily due to \$664,684 in write-off of exploration and evaluation assets and \$123,498 in write-off of accounts payable.

Decreased loss for the quarter ended February 28, 2023 compared with the previous quarter was primarily due to the \$48,609 decrease of realized loss on disposal of marketable securities and \$166,068 in write-off of exploration and evaluation assets.

Decreased loss for the quarter ended November 30, 2022 compared with the previous quarter was primarily due to the increase of \$83,743 in unrealized gain on marketable securities, decrease of \$39,500 in share-based compensation, decrease of \$72,285 in business development and \$166,068 in write-off of exploration and evaluation assets.

Decreased loss for the quarter ended August 31, 2022 compared with the previous quarter was primarily due to no write off of exploration and evaluation properties during the current quarter.

Increased loss for the quarter ended May 31, 2022 compared with the previous quarter was primarily due to the increase of the following expenditures: \$114,900 in share-based compensation, \$91,915 in business development and shareholder communications, \$72,950 in consulting fees, \$141,179 in unrealized loss and \$95,561 in realized loss, write-off of exploration and evaluation properties of \$223,939.

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Increased income for the quarter ended February 28, 2022 compared with the previous quarter was primarily due to the increase of \$22,900 in share-based compensation, \$18,081 in business development and shareholder communications and decrease of \$24,000 in consulting fees and gain on sale of exploration and evaluation assets of \$727,755 as compared to the quarter ended November 30, 2021, which was primarily attributable to the sale of confederation properties.

Increased loss for the quarter ended November 30, 2021 compared with the previous quarter was primarily due to the increase of \$17,500 in share-based compensation, \$37,879 in business development and shareholder communications and decrease of \$16,000 in consulting fees as compared to the quarter ended August 31, 2021, which was primarily attributable to the grant of new options.

### **CAPITAL DISCLOSURE**

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to finance its growth using internally generated cash flow and debt capacity; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and receivables.

### **LIQUIDITY & CAPITAL RESOURCES**

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As at August 31, 2023, the Company had a working deficiency of \$406,590 (May 31, 2023 – \$521,059), and cash of \$60,778 (May 31, 2023 – \$7,200). The Company will require significant funds from either equity or debt financing for property exploration and to support general administrative expenses.

#### *Share Capital Transactions:*

For the period ended August 31, 2023, the Company:

- i) closed a non-brokered private placement of 1,272,500 units at a price of \$0.08 per unit for aggregate gross proceeds of \$101,800, of which \$1,200 was received during the year ended May 31, 2023. Each unit is comprised of one common share and one transferable common share purchase warrant of the Company. Each whole warrant will entitle the holder to purchase one share for a 24-month period from the closing date at an exercise price of \$0.12 per share.
- ii) closed a non-brokered private placement of 2,477,500 units at a price of \$0.08 per unit for aggregate gross proceeds of \$198,200. Each unit is comprised of one common share and one transferable common share purchase warrant of the Company. Each whole warrant will entitle the holder to purchase one share for a 24-month period from the closing date at an exercise price of \$0.12 per share. In connection with the financing, the Company paid finders' fees of \$4,340 cash and 54,250 warrants. These warrants entitle the holders to purchase one share for a 24-month period from the closing date at an exercise price of \$0.12 per share.
- iii) granted 275,000 share options, which are exercisable for a period of two years, at a price of \$0.175 per share.

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For the period ended August 31, 2023, the Company experienced a net increase in its cash position by \$53,578 (2022 – decrease by \$96,516). At August 31, 2023, the Company had a working capital deficiency of \$406,590 (May 31, 2023 – \$521,059). Cash inflows of \$122,488 from investing activities (2022 – \$130,160) was attributable to the expenditure on exploration and evaluation assets, and the sale of the marketable securities. Significant cash outflows consisted of the cash used in operating activities of \$200,710 for operations (2022 – \$301,676). Cash inflow of \$131,800 from financing activities (2022 – \$75,000) primarily attributed to private placement and subscriptions received in advance.

As the Company is an exploration company, it does not receive, nor does it anticipate receiving any revenue in the next fiscal year. The Company’s interests do not currently generate cash flow from operations and, in order to continue operations and fund its expenditure commitments, it is dependent on equity financing through existing and new shareholders, third party financing, and cost sharing arrangements to fund its work programs and operations.

**OFF-BALANCE SHEET ARRANGEMENTS**

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The Company has no off-balance sheet arrangements other than reported in the accompanying notes to the financial statements.

**TRANSACTIONS WITH RELATED PARTIES AND EXECUTIVE COMPENSATION**

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Related party transactions are in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed by the related parties. Amounts due to or from related parties are non-interest bearing and unsecured. Amount advanced to the director(s) of the Company is for business purposes, such as travel and accommodation and is included in prepaid expenses. The amount due from (to) companies with directors in common was for shared office administration and occupancy expenses. Repayment terms, if any, are determined at the time of the advance. As at August 31, 2023, due to related parties amounted to \$100,709 (May 31, 2023 - \$98,300).

For the period ended August 31, 2023 and 2022, the Company incurred the following amounts through transactions with directors of the Company:

	2023	2022
	- \$ -	- \$ -
Consulting fees	42,000	25,500
Share-based payments	16,450	-
	58,450	25,500

**Key Management Compensation:**

Key management includes directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management is as follows:

During the period ended August 31, 2023, the Company:

- i) paid or accrued \$4,500 (2022 - \$3,000) to a director of the Company (Dave Bissoondatt) and a company controlled by the director in consulting fees.
- ii) paid or accrued \$7,500 (2022 - \$7,500) to a director of the Company (Lorne McCarthy) in consulting fees.
- iii) paid or accrued \$30,000 (2022 - \$15,000) to the President and CEO of the Company (Chris Timmins) and a company he controlled in consulting fees.
- iv) granted 175,000 (2022 – Nil) stock options with a value of \$16,450 (2022 - \$Nil) to directors of the Company for services received.

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**FINANCIAL INSTRUMENTS**

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The Company's financial instruments are comprised of cash, marketable securities, reclamation bond, accounts payable and accrued liabilities, loans payable and promissory note payable. The carrying value of cash, accounts payable and accrued liabilities, promissory note payable and loan payable as presented in the statement of financial position is a reasonable estimate of its fair value.

Financial assets and liabilities measured at fair value on a recurring basis are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value financial assets and liabilities are described below.

**Level 1 - Quoted Prices in Active Markets for Identical Assets**

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Cash and marketable securities are valued using quoted market prices in active markets. Accordingly, these are included in Level 1 of the fair value hierarchy.

**Level 2 - Significant Other Observable Inputs**

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. There are no items in Level 2 of the fair value hierarchy.

**Level 3 - Significant Unobservable Inputs**

Unobservable (supported by little or no market activity) prices. There are no items in Level 3 of the fair value hierarchy.

**Fair Values**

The following table outlines the Company's financial instruments measured at fair value by level with the fair value hierarchy. Assets and liabilities are classified based on the lowest level of input that is significant to the fair measurement.

As at August 31, 2023 and 2022, the Company's financial instruments measured at fair value are as follows:

	Level 1	Level 2	Level 3	Total
<b>August 31, 2023</b>				
Cash	\$ 60,778	\$ -	\$ -	\$ 60,778
Marketable securities	\$ 18,265	\$ -	\$ -	\$ 18,265
<b>May 31, 2023</b>				
Cash	\$ 7,200	\$ -	\$ -	\$ 7,200
Marketable securities	\$ 34,480	\$ -	\$ -	\$ 34,480

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**Financial Instrument Risks**

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, liquidity risk and currency risk.

a) Credit risk

The Company is exposed to credit concentration risk by holding cash. This risk is minimized by holding the investments in large Canadian financial institutions. The Company has no accounts receivable exposure.

b) Interest rate risk

The Company is exposed to minimal interest rate risk. Fluctuations in market interest rates do not have a significant impact on the Company's operations.

c) Market risk

The Company is exposed to market risk for fluctuating values of its publicly traded marketable securities and other company investments. The Company has no control over these fluctuations and does not hedge its investments.

d) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. As at August 31, 2023, the Company manages this risk by monitoring its working capital to ensure its expenditures will not exceed available resources. As at August 31, 2023, the Company had a working capital deficiency of \$406,590 (May 31, 2023 - \$521,059). The Company may not be able to settle accounts payable and accrued liabilities of \$455,755 (May 31, 2023 - \$513,385), and loans payable of \$60,000 (May 31, 2023 - \$60,000) which fall due for payment within 12 months of the statement of financial position date. The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short term business requirements. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

e) Currency risk

Currency risk is the risk from fluctuations in foreign exchange rates and the degree of volatility of these rates. As at August 31, 2023, the Company's cash is held in Canadian dollars and accordingly the Company's exposure to foreign currency risks on cash balances held in foreign currencies is not expected to be significant.

**PROPOSED TRANSACTIONS**

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The Company has no proposed transactions.

**SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES**

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For a detailed summary of the Company's significant accounting judgement and estimates, the readers are directed to Note 3 of the Notes to the unaudited condensed interim consolidated financial statements for the three months ended August 31, 2023 and 2022 that are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

**CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

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For a detailed summary of the Company's significant accounting policies, the readers are directed to Note 4 of the Notes to the unaudited condensed interim consolidated financial statements for the three months ended August 31, 2023 and 2022 that are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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**SHARE CAPITAL**

As of date of this report, the Company had the following outstanding:

- 15,504,351 common shares
- Options

Outstanding	Exercisable	Exercise Price	Expiry Date
12,500	12,500	\$0.50	08-Nov-23
12,500	12,500	\$0.50	4-Jan-24
60,000	60,000	\$0.50	4-Jan-24
60,000	60,000	\$0.50	1-Feb-24
30,000	30,000	\$0.60	7-Mar-24
25,000	25,000	\$0.60	11-Mar-24
60,000	60,000	\$0.60	18-Mar-24
50,000	50,000	\$0.50	20-Apr-24
47,500	47,500	\$0.50	11-Aug-24
27,500	27,500	\$0.50	10-Sep-24
20,000	20,000	\$0.50	22-Nov-24
80,000	80,000	\$0.50	01-Jun-25
255,000	255,000	\$0.50	28-Aug-25
400,000	400,000	\$0.12	28-Aug-25
50,000	50,000	\$0.50	03-Sep-25
275,000	275,000	\$0.175	11-Sep-25
<b>1,465,000</b>	<b>1,465,000</b>		

- Warrants

Outstanding and Exercisable	Exercise Price	Expiry Date
100,000	\$0.60	November 1, 2023
1,217,267	\$0.50	November 23, 2024
36,000	\$0.50	November 23, 2024
1,272,500	\$0.12	July 20, 2025
2,477,500	\$0.12	September 7, 2025
54,250	\$0.12	September 7, 2025
<b>5,157,517</b>		

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**MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

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In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying MD&A.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in NI 52-109.

**RISKS**

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The Company is engaged in the exploration for and development of mineral deposits. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases, eliminate. The commercial viability of any material deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade, proximity to infrastructure, Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations.

The discovery, development and acquisition of mineral properties are in many respects, unpredictable events. Future metal prices, capital equity markets, the success of exploration programs and other property transactions can have a significant impact on capital requirements.

Although the Company has taken steps to verify the title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration of the same, these procedures do not guarantee the Company's title to these properties. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company's current operations do not generate any positive cash flow and it is not anticipated that any positive cash flow will be generated for some time. The Company has limited financial resources and the mining claims, which impose financial obligations on the Company. There can be no assurance that additional funding will be available to allow the Company to fulfill such obligations.

Further exploration and development of the various mineral properties in which the Company holds interests depends upon the Company's ability to obtain financing through the joint venturing of projects, debt financing, equity financing or other means. Failure to obtain additional financing on a timely basis could cause the Company to forfeit all or part of its interests in some or all of its Resource Properties and reduce or terminate its operations.

The Company's properties are in the exploration stages only and are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. Exploration of properties may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company could be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of the properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to its current properties that may result in material liability to the Company.

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The preparation of financial statements in conformity with IFRS 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 period. Actual results could differ from those estimates.

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

Annual losses are expected to continue until the Company has an interest in a mineral property that produces revenues. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. The Company's accompanying financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

## **MANAGEMENT AND DIRECTORS**

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Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

On February 3, 2023, the Company announced the resignation of Mr. Charles Desjardins as the Board of Director, CEO and CFO of the Company. To fill the vacancy following Mr. Desjardins' departure, the Company is also pleased to announce the appointment of Dave Bissoondatt as its new Chief Financial Officer, and Christian Timmins as the CEO and Director.

Current Directors and Officers of the Company are as follows:

Dave Bissoondatt, CFO and Director  
Lorne McCarthy, Director  
Chris Timmins, President, CEO and Director  
Noah Komavli, Director

## **OUTLOOK**

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The Company's primary focus for the foreseeable future will be on reviewing its financial position, raising funds to support exploration and operational activities, continuing exploration activities on its mineral properties and financing business ventures in the mineral resource industry.

**PEGASUS RESOURCES INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
AS AT AND FOR THE THREE MONTHS ENDED AUGUST 31, 2023 AND 2022

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**ADDITIONAL INFORMATION**

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Additional information related to the Company is available for view on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), on the Company's website at [www.pegasusresourcesinc.com](http://www.pegasusresourcesinc.com), or by requesting further information from the Company's head office in Vancouver BC Canada.

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