

DIXIE GOLD INC.

Management Discussion and Analysis (MD&A) Third Quarter Report – Period Ended September 30, 2023

(Expressed in Canadian dollars, unless otherwise noted)

November 23, 2023

For further information on the Company, reference should be made to its public filings on SEDAR+ at www.sedarplus.ca. General information is also available on the Company's website at www.dixiegold.ca. This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the interim period ended September 30, 2023 financial statements and related notes thereto, in addition to the audited financial statements for the year ended December 31, 2022 which have been prepared in accordance with International Financial Reporting Standards. This MD&A contains certain Forward-Looking Statements, and the reader should read the cautionary statement related to Forward-Looking Statements found at the end of this MD&A report.

OVERVIEW

Dixie Gold Inc. (the "Company" or "Dixie Gold") was incorporated on August 24, 2011 pursuant to the *Business Corporation Act* (Alberta) and was continued into British Columbia under the *Business Corporation Act* (British Columbia) on November 10, 2015 and is extra-provincially registered in certain provincial/territorial jurisdictions.

The Company's primary exploration project is its Red Lake Gold Project situated southeast of Red Lake, Ontario. The Red Lake Gold Project is located immediately adjacent to the Dixie Project being advanced by Kinross Gold Corporation (following the completed acquisition of Great Bear Resources Ltd. by Kinross Gold Corporation in early-2022).

Dixie Gold also currently holds a 24.5% minority interest in the Preston Uranium Project being advanced in conjunction with Orano Canada and Skyharbour Resources Ltd. and a small working interest in a claim package adjoining the Preston Uranium Project (referred to as the East Preston Uranium Project) being advanced by Azincourt Energy Corp. and Skyharbour Resources Ltd.

The Company also holds the Torp Lithium Project (NU) and the Phoenix Lithium Project (NWT) situated in Northern Canada, both of which are held under Crown lease, the forward-nature in 2023 and beyond of which requires annual mineral lease rent payments to be made to the Crown.

In addition, the Company may acquire or otherwise hold non-material exploration tenure which is viewed by the Company as providing (from time-to-time) certain capital-efficient optionality to various commodity and/or regional exploration activities in Canada.

In addition to certain corporate-level considerations, the Company aims to balance the exploration pace of its project interests against a matrix of project-level criterion which include, among other factors, claim license maturity considerations, discovery and corporate developments at adjacent projects, orderly processing of incoming field data to guide further exploration phases, capital market interest, the legal status/condition of a particular project, seasonal fluctuations in cost to perform certain exploration activities, geological consultant availability and a general corporate objective to minimize share dilution. The Company actively reviews market conditions and exploration opportunities within its portfolio on a continual basis and attempts to adjust as appropriate.

On October 24, 2023, the Company entered into an agreement (the "Agreement") whereby it is proposed that the Company would be acquired by ASX-listed issuer Omnia Metals Group Ltd. ("Omnia"). Under the Agreement, Omnia made binding terms to acquire 100% of the issued and outstanding common shares of the Company in exchange for 166,666,667 common shares of Omnia and a further \$3 million cash component (the "Takeover Transaction") (see news release, Dixie Gold Inc. Announces Friendly-Takeover by Omnia Metals Group Ltd., dated October 27, 2023). The Takeover Transaction is and remains subject to various conditions which include, without limitation, all necessary regulatory approvals, shareholder approvals, court approvals and the entering into of an arrangement agreement.

Overview of Exploration Projects

The Company cautions that past results or discoveries on proximate or adjacent projects are not necessarily indicative of the results that may be achieved on projects or project interests held or operated by the Company.

Red Lake Gold Project (Ontario)

At the end of fourth quarter of 2019, the Company acquired a large portfolio of mineral claims situated in the emerging Dixie Gold District near Red Lake, Ontario. The Red Lake Gold Project held by the Company is located immediately adjacent to the Dixie Project being advanced by Kinross Gold Corporation (and its subsidiary, Great Bear Resources Ltd.) The acquired project ground covered approximately 21,258 ha (52,507 acres) across 1,044 mining claims (see particulars by way of news release, Dixie Gold Inc. Announces Dixie Gold Project, dated December 31, 2019).

In early 2020, the Company expanded its Red Lake Gold Project through the purchase of an additional 197 mining claims covering approximately 4,011 ha (9,907 acres) (see particulars by way of news release, Dixie Gold Inc. Announces 9,907 Acre Expansion of Red Lake Project, dated January 14, 2020).

The Red Lake Gold Project is subject to certain royalty interests, arising and continuing obligation of which was assumed by the Company in connection with the above-described claim acquisitions and subsequent re-staking activities related to the project. As at the date of this MD&A, royalty obligation applies to 1,241 mining claims out of the 1,247 mining claims currently comprising the Company's Red Lake Gold Project.

During September 2020, the Company announced that it had commenced a large-scale inaugural soil sampling program at the Red Lake Gold Project (see news release, Dixie Gold Inc. Commences District-Scale SGH Soil Sampling Program at Red Lake Gold Project, dated September 17, 2020). The program was designed to sample more than 2,000 site locations situated within a 17.5km by 2km initial area of focus, broadly orientated along the NW-SE trending border and in close proximity to what now comprises Kinross Gold's Dixie Gold Project.

In October 2020, the Company launched a large-scale geophysical survey covering the majority of its Red Lake Gold Project (see news release, Dixie Gold Inc. Commences One of the Largest Airborne Geophysical Surveys in the History of Red Lake, dated October 1, 2020). The planned 4,695km line kilometre geophysical survey was successfully completed, and the Company received final processed results from its geophysical contractor.

At the end of the fourth quarter of 2020, the Company announced that the SGH soil sampling program had revealed multiple prospective gold-in-soil anomalies at its Red Lake Gold Project (see news release, Dixie Gold Inc. Announces the Discovery of Multiple Gold-in-Soil Anomalies at Red Lake Project, dated December 24, 2020).

During 2021, the Company released geophysical results from its airborne survey and concurrently updated the market with geophysical interpretation work done on the survey (see news release, Dixie Gold Inc. Geophysical Interpretation Outlines High-Strain Setting and Prospective Geology at Red Lake Project, dated May 20, 2021). The Company also filed a 43-101 technical report on its Red Lake Gold Project, copy of which is available at www.sedarplus.ca.

On November 3, 2021, the Company announced a project-level transaction with a subsidiary of Barrick Gold Corp. in relation to its Red Lake Gold Project (see news release, Dixie Gold Inc. Announces Agreement with Barrick Gold) (the "Earn-In Agreement"). During 2022, Barrick Gold performed certain exploration work at the Red Lake Project and the resulting assessment report was publicly filed with the relevant provincial authority.

On June 7, 2022, the Company delivered a termination letter to Barrick Gold in relation to the Earn-In Agreement as involved the Red Lake Gold Project, (the "Termination Letter"), which was the subject of the aforementioned exploration earn-in option agreement, pursuant to provision pertaining to incurable material breaches (see news release, Dixie Gold Inc. Delivers Termination Notice to Earn-In Party re: Red Lake Project, as issued on June 8, 2022).

On June 30, 2022, the Company was named in a Statement of Claim (Toronto Superior Court of Justice, File No.: CV-22-00683409-0000) (the "Claim") in Ontario, Canada as issued by Barrick Gold (see news release, Dixie Gold Inc. Receives \$120 Million Statement of Claim Over 70% Earn-In Option at Red Lake Project, as issued on July 5, 2022).

The Claim by Barrick Gold then alleged, among other things, that the Company had breached certain obligations of the Earn-In Agreement to pursue more lucrative commercial arrangements concerning mining claims held by the Company.

In its disclosure news release regarding the Claim, the Company then stated its position that Barrick Gold did not meet contractual requirements under the Earn-In Agreement and that no joint-venture existed between the Company and Barrick Gold. The Company also announced that it had retained Lenczner Slaght LLP of Toronto, Ontario and intended to defend the Claim.

Matters amongst the parties subject to the Claim continued throughout the course of 2022 and into 2023.

On April 17, 2023, the Company entered into a termination and mutual release agreement (the “Mutual Release Agreement”) whereby Dixie Gold and Barrick Gold agreed to resolve matters related to the Claim (see news release, Dixie Gold Inc. Resolves \$120 Million Statement of Claim Over 70% Earn-In Option at Red Lake Gold Project, dated April 18, 2023).

Under the Mutual Release Agreement, the Company moves forward with its original project ownership and Barrick Gold holds no interest in the Red Lake Gold Project. No provision of the Earn-In Agreement survived. In addition, and among other terms of the Mutual Release Agreement, neither party made any cash payments toward the other and neither party assumed legal expenses related to the other.

During 2023, the Company has been engaged in various claim maintenance and renewal activities, which have included a combination of applying existing exploration assessment credits to core mining claims within the Red Lake Gold Project and electing non-core peripheral claims to not be renewed through the method of applying existing exploration assessment credits but instead to be reacquired (post re-opening) through re-staking (which has benefited the Company from both cost and tenure duration standpoint). A two percent royalty originally assumed by the Company is applicable to re-staked mining claim areas.

In September 2023, and subsequent to other claim maintenance and renewal activities related to areas comprising the Company’s legacy project position, the Company expanded its Red Lake Gold Project by staking six (6) new mining claims not within the prior project area with this new incremental claim area being situated on an adjacent basis. These six new claims were acquired on a royalty-free basis through claim fee payment to the Government of Ontario.

The Company intends to continue to prioritize certain areas of the Red Lake Gold Project in the ordinary course based on results of various field activities within the project to-date and vector phased exploration on tenure which it views as being the most compelling for forward-looking exploration programs, inclusive of project areas that the Company views as having characteristics that would support capital raising activities required for ongoing exploration work.

The Company presently views its Red Lake Gold Project to be its primary project of exploration focus.

Preston Uranium Projects (Saskatchewan)

Preston Uranium Project

On March 7, 2017, the Company, in conjunction with Preston Uranium Project partner Skyharbour Resources Ltd. (“**Skyharbour**”), executed an option agreement with Orano Canada Inc. (“**Orano Canada**”) (formerly AREVA Resources Canada Inc.) which provides Orano Canada an earn-in option to acquire up to a 70-per-cent working interest in a portion of the Preston Uranium Project. Under the agreement, Orano Canada will contribute cash and exploration program consideration totalling up to \$8 million in exchange for up to 70 per cent of the applicable project area over six years (see various news disclosures relating to the Preston Uranium Project, as available on SEDARPLUS.ca).

On March 9, 2020, Orano Canada had commenced a DC resistivity ground geophysical program at the JL and Canoe grids, and the B conductive area (see news release dated March 9, 2020, Dixie Gold Inc. Announces Commencement of Exploration Program by Orano Canada at the Preston Uranium Project). The DC resistivity ground geophysical program had an initial allocated budget (fully funded by Orano Canada) of \$735,000.

On March 26, 2021, the Company announced that Orano Canada had completed an earn-in of a 51% interest in the Preston Uranium Project and had formed a joint-venture with the Company and Skyharbour Resources Ltd. (“Skyharbour”), under which Orano is the forward-moving operator (the “Operator”) of the project (see also news release, Orano Canada Inc. Completes First Earn-In Option and Forms Joint Venture with Dixie Gold Inc. at the Preston Uranium Project, dated March 26, 2021).

Exploration activity at the Preston Uranium Project since early 2020, which is determined by the Operator, has been muted in material part due to consequence of COVID-19, as well as to the good-standing nature of project tenure for applicable periods.

The joint-venture structure generally obligates the contracting parties to proportionately fund exploration expenditures, subject to certain working interest dilution provisions for non-participation in program funding which the Company may choose to rely upon on a forward-basis given competing exploration priorities of other projects and as a result of the Company not controlling operatorship or the ability to direct the pace of project advancement at the Preston Uranium Project in its current capacity as a minority working interest holder. The net result of non-participation in capital calls, independent of the Company’s realizable or actual ability to access capital for exploration, would be a reduction in and eventual elimination of its joint-venture working interest.

As at September 30, 2023, the Company’s working interest in this joint-venture remained at a 24.5% minority level (December 31, 2022 – 24.5%), and no exploration programs had been proposed (or performed) by the Operator of the Preston Uranium Project during the nine months ended September 30, 2023 nor during the year ended December 31, 2022.

East Preston Uranium Project

On March 27, 2017, the Company, in conjunction with Preston Uranium Project partner Skyharbour, executed an option agreement with Azincourt Energy Corp. (formerly Azincourt Uranium Inc.) (“Azincourt”) which provides Azincourt an earn-in option to acquire a 70-per-cent working interest in a portion of the Preston uranium project known as the East Preston property. Under the agreement, Azincourt would issue 4.5 million listed common shares and contribute cash and exploration expenditure consideration totalling up to \$3.5 million in exchange for up to 70 per cent of the applicable property area over three years (see various news disclosures relating to the East Preston Uranium Project as available on www.sedarplus.ca).

On April 17, 2020, the Company announced that it had entered into amending agreements with Azincourt and Skyharbour regarding the East Preston Uranium Project. Under the amending agreements, Azincourt was granted a period extension to March 31, 2021 to a) deliver the final cash payment and b) complete certain exploration work remaining in connection with respect to Azincourt’s earn-in of a 70% interest in certain mineral claims constituting the East Preston Uranium Project.

On February 17, 2021, the Company announced that Azincourt had completed its earn-in of a 70% interest in the East Preston Uranium Project and had formed a joint-venture with the Company and Skyharbour Resources Ltd. The joint-venture structure generally obligates the contracting parties to proportionately fund exploration expenditures, subject to certain working interest dilution provisions for non-participation in program funding which the Company may choose to rely upon on a forward-basis given that the Company views the project as a non-core asset and as the Company does not control operatorship or have ability to guide project advancement in relation thereto in its current capacity as a minority working interest holder. At the time the joint-venture was formed, the Company had recovered in excess of its entire original investment in the East Preston Uranium Project through the receipt of aggregate cash and equity payments made to it by Azincourt Energy.

The Company notes that the joint-venture or like-structure generally obligate the contracting parties to proportionately fund exploration expenditures, subject to certain working interest dilution provisions for non-participation in program funding which the Company may choose to rely upon on a forward-basis given competing exploration priorities of other projects and as a result of the Company not controlling operatorship or the ability to direct the pace of project advancement at the East Preston Uranium Project in its current capacity as a minority working interest holder.

The Company forecasts and expects that the forward-level of cash expenditures associated with diamond drilling and other large-scale exploration work at the East Preston Uranium Project, as so performed within the above noted joint-venture, is likely to be material in nature.

Participation in material-amount joint-venture capital calls associated with the East Preston Uranium Project would reasonably be expected to result in the Company needing to pursue significant equity financings that would likely result in a large increase in the number of common shares outstanding in the Company, which, in the absence of a successful exploration program, would be expected to materially dilute existing shareholders. As such, the Company currently expects that it will continue to defer participation in certain and/or all program(s) related to East Preston so as to focus its prioritized share structure and relative working capital position in relation to projects in which the Company generally considers or holds a more material and/or larger working percentage interest (including the Company's Red Lake Gold Project, as well as other projects that may be held by the Company at present or in future).

During 2021 and 2022, the Company elected non-participation in capital calls associated with East Preston Uranium Project, and as a result has seen its remnant interest in the East Preston JV reduced, with the expectation that further non-participation in forward funding calls will result in the eventual elimination of its joint venture working interest in the project.

As of September 30, 2023, the working interest held by the Company in the East Preston Uranium Project now sits at below a 5% minority interest and is expected to further dilute (assuming continued non-participation in capital calls related to the East Preston Uranium Project).

Other Athabasca Basin Interests

In addition to its Preston-related uranium projects, the Company holds several mining claims situated in the eastern part of the Athabasca Basin of Saskatchewan (the "Eastern Athabasca Mining Claims") on a 100% basis (subject to an existing 2% royalty), acquired from an arm's-length party for a one-time cash payment of \$35,000 (sum reflecting Crown license costs of \$33,777 and personnel costs of \$1,223 as paid to said arm's-length vendor as consideration for the mining claims). The claims include tenure that is adjacent to projects held by IsoEnergy Ltd. and Forum Energy Metals Corp., who are actively exploring respective adjacent projects. The Eastern Athabasca Mining Claims acquired by the Company may be further advanced depending upon the outcome of exploration results by adjacent operators. While considered non-material, the Company viewed the addition of these mining claims to its existing Athabasca Basin portfolio (particularly relative to their modest capital outlay) as providing a cost-efficient exposure to prospective regional uranium opportunities if certain adjacent exploration outcomes were to develop.

The Company does not expect any exploration on the Eastern Athabasca Mining Claims during 2023 as its priorities are placed on other projects within a capital constrained market.

Torp Lithium Project (Nunavut)

The Torp Lithium Project was acquired by the Company in 2016 from North Arrow Minerals Inc. (see news release dated April 28, 2016).

The project covers 1,003 ha and is located only 35km from tidewater in the north Slave region of Nunavut. The Torp Lake Project hosts the drill-ready McAvoy lithium-rich pegmatite. Past channel sampling work on this spodumene bearing pegmatite by North Arrow Minerals Inc. returned 6.0 m grading 4.5% Li₂O and 7.0 m grading 3.3% Li₂O. The channels were located 78 m apart and orientated perpendicular to the north-south strike of the pegmatite (see above-referenced news release).

During the third quarter of 2017, the Company retained an arm's length survey company based in Yellowknife, NWT to conduct a ground survey of its Torp Lithium Project (the "Torp Ground Survey"), such survey being part of the Company's efforts to convert the underlying mineral claim associated with the project to a lease. During the third quarter of 2017, the Company, as approved through its independent directors, sold a 1% gross royalty on the Torp Lithium Project to the CEO of the Company in exchange for cash proceeds of \$10,000 (the "Torp Royalty"), the proceeds of which were contributed to the funding of the Torp Ground Survey.

The lease for the Torp Lake Lithium Project may be renewed on an annual basis by way of a rent payment on the lease to the Crown.

The Company extended the anniversary term of the lease underlying the Torp Lithium Project from May 2023 to May 2024 by way of a Crown payment in late-March of 2023.

Phoenix Lithium Project (Northwest Territories)

The Phoenix Lithium Project was acquired by the Company from North Arrow Minerals Inc. (see news release dated April 28, 2016).

The Phoenix Lithium Project consists of three mining leases and is located in the Northwest Territories. The project is approximately 70km southeast of the producing Diavik Diamond Mine and is less than 60 km from existing winter road infrastructure. The Phoenix Project hosts the Big Bird and Curley lithium-rich pegmatite deposits (see above-referenced news release).

Past mapping of the Big Bird pegmatite by North Arrow Minerals has identified a 1,280m strike length with observable outcrop widths ranging from 8m to greater than 80m. Past drilling at the Big Bird pegmatite by North Arrow Minerals also returned 1.24% Li₂O over 34.3m (see above-referenced news release).

Past mapping of the Big Bird pegmatite by North Arrow Minerals has identified a strike length of 400m with widths up to 20m. Past drilling at the Curley pegmatite by North Arrow Minerals returned 1.72% Li₂O over 14.87m.

During the third quarter of 2017, the Company retained an arm's length survey company based in Yellowknife, NWT to conduct a ground survey of its Phoenix Lithium Project (the "Phoenix Ground Survey"), such survey being part of the Company's efforts to convert certain underlying mineral claims associated with the project to leases. During the third quarter of 2017, the Company, as approved through its independent directors, sold a 1% gross royalty on the Phoenix Lithium Project to the CEO of the Company in exchange for cash proceeds of \$10,000 (the "Phoenix Royalty"), the proceeds of which were contributed to the funding of the Phoenix Ground Survey.

The leases for the Phoenix Lithium Project may be renewed on an annual basis by way of rent payments on the leases to the Crown.

In July 2023 (being within the Company's third-quarter period ended September 30, 2023), the Company renewed the three (3) leases associated with the Phoenix Lithium Project, which now having good-standing dates ranging from August 2024 to January 2025, and which are further expected to be renewed in ordinary course through lease payment.

Isko Gold Project (Quebec)

During 2017, the Company first-acquired the Isko Gold Project located near the Windfall gold exploration camp of Quebec in exchange for a cash payment of staking fees and the granting of a two percent royalty. The Company performed a soil sampling program at the Isko Gold Project in 2017 but has not been active from a field-perspective since that time. The mining claims and project boundaries comprising the Isko Gold Project have varied over time as a consequence of changes in underlying tenure and sub-areas deemed of interest, with the Company continuing to hold an interest in active claims comprising its Isko Gold Project.

As a result of forward-moving capital-allocation plans, the Company is not anticipating any exploration expenditures at the Isko Gold Project during 2023.

Juliet Lithium Project (Quebec)

The Juliet Lithium Project was acquired by the Company in 2016 (see news release dated June 2, 2016). The project comprises approx. 9,120 ha (22,536 acres) and is adjacent to the Rose Lithium-Tantalum Project being advanced by Critical Elements Corporation. During the third quarter of 2017, the Company conducted its inaugural exploration program at the Juliet Lithium Project and announced the discovery of a distinct lithium-rich boulder field assaying up to 1.65% Li₂O (see news release dated September 26, 2017), as well as the expansion of the Juliet Lithium Project by way of a further 49 new mineral claims totalling approximately 2,594 ha (see also news release dated September 26, 2017).

This project was discontinued from an accounting-standpoint by the Company during the year ended December 31, 2019 but was activated in terms of its status with limited tenure during the year ended December 31, 2021 when the Company acquired certain mining licenses in this project area at a total cost of \$8,268.

Although the Company is considering potential avenues to advance the limited number of claims associated with this project prior to their expiration date, high levels of wildfire activity in the James Bay region of Quebec during the summer of 2023 have resulted in significant access and field restrictions being broadly placed on the exploration industry by provincial government agencies.

SELECTED FINANCIAL INFORMATION

Quarterly information – eight recently completed quarters

| | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Net loss | (59,474) | (62,406) | (59,860) | (92,638) | (68,454) | (65,096) | (58,712) | (292,838) |
| Basic/Diluted loss per share | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.01) |
| Total assets | 1,285,955 | 1,345,429 | 1,422,835 | 1,483,090 | 1,560,333 | 1,628,787 | 1,822,754 | 1,887,575 |

Three Months Ended September 30, 2023

During the three months ended September 30, 2023, the Company incurred a net loss of \$59,474 as compared to \$68,454 for the comparable prior year period.

General operating expenses of the current period were decreased by \$8,980 mainly due to a modest decrease in administrative expenses (2023 - \$45,729, 2022 - \$50,127) and professional fees (2023 - \$13,745 2022 - \$7,500) consisting of accounting and legal fees for general corporate matters. In addition, the Company incurred legal fees \$Nil (2022 - \$10,827), due primarily to legal matters relating to the Red Lake Gold Project.

Nine Months Ended September 30, 2023

During the nine months ended September 30, 2023, the Company incurred a net loss of \$181,740 as compared to \$192,262 for the comparable prior year period.

General operating expenses of \$148,709 (2022 – \$158,035) consisting of public company costs related to general corporate matters and professional fees of \$29,191 (2022 – \$23,400) consisting of accounting and legal fees for general corporate matters were slightly higher than the comparative period. In addition, the Company incurred legal fees \$4,695 (2022 - \$10,827), due primarily to legal matters relating to the Red Lake Gold Project.

LIQUIDITY AND CAPITAL RESOURCES

| | For the nine months ended | |
|---|---------------------------|-----------|
| | September 30 | |
| | 2023 | 2022 |
| | \$ | \$ |
| Cash outflows from operating activities | (157,334) | (364,871) |
| Cash outflows from investing activities | (23,396) | (47,578) |
| Net cash outflows | (180,730) | (412,449) |
| Cash and cash equivalents balance | 64,145 | 326,943 |

As at September 30, 2023, the Company's net working capital was \$80,441 as compared to \$285,577 as at December 31, 2022. The decrease in net working capital of \$205,136 is mainly due to expenditure on exploration and evaluation assets corresponding to mineral claim management as well as general office, legal and administration expenses. Cash and cash equivalents are held at a major Canadian financial institution.

The Company's ability to continue as a going concern is dependent on, among other factors, the Company's ability to raise capital and/or realize adequate proceeds from asset related transactions and/or corporate transactions.

SHAREHOLDERS' EQUITY

Share Structure

As of the date of this MD&A report, the Company has:

- 25,737,188 common shares outstanding.
- 325,000 common share stock options outstanding.
- 0 common share warrants outstanding.

REGULATORY DISCLOSURES

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. The Company has identified its directors and officers as its key management personnel.

| | September 30, 2023 | September 30, 2022 |
|-------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Professional fees | 27,500 | 22,500 |
| Consulting | 90,000 | 90,000 |

During the nine months ended September 30, 2023, the Company paid/accrued consulting fees of \$90,000 (2022 - \$90,000) to a company controlled by the Chief Executive Officer and Director of the Company.

During the nine months ended September 30, 2023, the Company paid/accrued professional fees of \$27,500 (2022 - \$22,500) to an accounting firm in which the Chief Financial Officer of the Company is a partner of the firm.

Risk and Uncertainties

The Company is exposed to a large multitude of risks and uncertainties, which includes, among other factors not listed herein, the following:

Exploration and Development

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production.

The Company's projects are at an early stage of development. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of minerals, metals, or resources of value. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration and development programs, which may be affected by a number of factors.

The business of exploration for minerals and mining involves a high degree of risk. Whether a mineral deposit can be commercially viable depends upon a number of factors, including the particular attributes of the deposit, including size, grade and proximity to infrastructure; prices of precious metals (e.g. gold), base metals and specialty commodities (e.g. uranium and lithium), all the prices of which can be highly variable; and government regulations, including environmental and reclamation obligations. Few properties that are explored are ultimately developed into profitable, producing mines.

Substantial expenditures are required to establish the continuity of mineralized zones through drilling and to develop and maintain the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that funds required for any proposed development of the Company's properties can be obtained on a timely basis.

The marketability of any minerals acquired or discovered by the Company in the future may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which may result in the Company not receiving an adequate return on investment capital.

There is no assurance that the TSX-V or any regulatory authority having jurisdiction will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise.

Financial Capability and Additional Financing

The Company has limited financial resources and has no assurance that additional funding will be available to it for further exploration and development of its projects. There can be no assurance that it will be able to obtain sufficient financing in the future to carry out exploration and development work on its projects. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as the business performance of the Company. A failure to secure financing could result in going-concern risks.

The Company has in past addressed some of the need for near-term financial resources through optioning out interests in certain of its projects. There can however be no assurance that third-party optionees will complete any announced earn-in arrangements or that joint-venture interests formed upon earn-in completion will not subsequently result in the Company incurring additional financial obligations in a minority interest position, or that any proposed sales or optioning-out of projects will occur successfully in future or contribute sufficient working capital to meet the obligations of the company.

Mining Titles

There is no guarantee that the Company's title to or interests in the Company's property interests will not be challenged or impugned. The acquisition of title to mineral properties is a detailed and time-consuming process. Title to the area of mineral properties may be disputed. There is no guarantee of title to any of the Company's properties. The Company's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. The Company has not surveyed the boundaries of its properties and consequently the boundaries may be disputed.

There can be no assurance that the Company's rights will not be challenged by third parties claiming an interest in the properties. In order to retain mining titles, the Company is obligated to perform certain annual work assessment requirements. A failure to perform adequate exploration work on specific mineral tenure claims is, in the absence of cash deposits, expected to result in the loss of such tenure.

Management

The success of the Company is currently largely dependent on the performance of its officers. The loss of the services of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Conflicts of Interest

Certain directors and officers of the Company are, and are expected to continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships, joint ventures, royalties and/or other financial and/or mining interests which are potential competitors of the Company or otherwise adverse in interest. It is understood and accepted by the Company that certain directors and officers of the Company may continue to independently pursue opportunities in the mineral exploration industry. Situations may arise in connection with potential acquisitions, operational aspects, or investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to the applicable corporate and securities legislation, regulation, rules and policies and the particulars of any agreements made between the Company and the applicable director or officer.

Dilution

If the Company raises additional funds through the sale of equity securities, shareholders may have their investment diluted. In addition, if warrants and options are issued in the future, the exercise of such options and warrants may result in dilution to the Company's shareholders. The Company intends to issue further equity in the future.

History of Losses and No Assurance of Profitable Operations

The Company has incurred a loss since inception. There can be no assurance that the Company will be able to operate profitably during future periods. If the Company is unable to operate profitably during future periods, and is not successful in obtaining additional financing, the Company could be forced to cease its exploration and development plans as a result of lacking sufficient cash resources.

The Company has not paid dividends in the past and has no plans to pay dividends for the foreseeable future.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions may occur. These unexpected or unusual conditions may include rock bursts, cave-ins, fires, flooding, and earthquakes. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Environmental and Safety Regulations and Risks

Environmental laws and regulations may adversely affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. Furthermore, the permission to operate could be withdrawn temporarily where there is evidence of serious breaches of health and safety, or even permanently in the case of extreme breaches.

Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or non-compliance with environmental laws or regulations.

Title Assertions

The Company operates in Canada where various and/or conflicting First Nations title assertions may impact the operations of the Company and/or its interests.

Civil Unrest

The Company operates in jurisdictions that may be subject to increased incidents of civil unrest which could affect the timing and/or certainty of the Company's operations and/or interests.

Government Policy Concerning Climate

The Company is subject to a range of government climate policies which may impact the Company and/or its operations. In addition, the Company is subject to various tax policies affecting the resource industry with regard to carbon emissions that may be adverse to the Company and/or its interests.

Fluctuating Commodity Prices

The Company's revenues, if any, are expected to be in large part derived from the sale of commodities. The prices of commodities, including prices related to lithium and uranium, have fluctuated widely in recent years and are affected by factors beyond the control of the Company including, but not limited to, economic and political trends, currency exchange fluctuations, economic inflation and expectations for the level of economic inflation in the consuming economies, interest rates, global and local economic health and trends, speculative activities and changes in the supply due to new mine developments, mine closures, and advances in various production and technological uses for commodities being explored for by the Company. All of these factors, and other factors not detailed herein, may impact the viability of Company projects, and include factors which are not possible to predict with certainty.

Competitive Conditions

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical capabilities. Competition in the mining industry is primarily for mineral properties which can be developed and produced economically; the technical expertise to find, develop, and produce such properties; the labour to operate the properties; and the capital for the purpose of financing development of such properties. Many competitors not only explore for and mine for metals, minerals and uranium, but also conduct refining and marketing operations on a world-wide basis and most of these companies have much greater financial and technical resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these mineral deposits could have a material adverse effect on the Company's results.

Price Volatility of Publicly Traded Securities

In recent years, North American securities markets have experienced high levels of price and volume volatility, and the market prices of securities of many companies, particularly juniors, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. In addition to risks relating to the Company, share equity positions held by the Company are also subject to market volatility and liquidity challenges that may negatively impact their future market or realizable value.

Wildfire Activity

The Company operates in remote regions that are susceptible to wildfires. Wildfire activity will generally be detrimental to the Company and, without limitation, can result in reduced access to the Company's projects, including within Ontario, Quebec and the Northwest Territories (each jurisdiction of which experienced significant forest activity during recent periods). Wildfires may in turn, without limitation, result in the Company being unable to advance exploration work, including restrictions imposed by authorities that may result in the Company facing the risk of tenure loss and/or reduced access to capital due to an inability to deploy capital within restricted fire zones. In addition, the Company may face the loss of direct or indirect project infrastructure, such infrastructure which may, without limitation, be uninsured or altogether uninsurable.

Legal Matters

The Company may be subject to certain costs and risks associated with legal matters that could adversely impact the operations and/or financial condition of the Company.

Inadequate Infrastructure May Affect the Company's Operations

Mining, processing, development, and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, community, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition, and results of operations.

COVID / Supply-Chain Risks

During 2023, the global economy has continued to experience the effects and aftermath of the COVID-19 pandemic. The spread of the virus globally had a material adverse effect on the economy and the labour market, as well as additionally impacted regions in which the Company operates, including, various activity restrictions and constraints effectuated by governmental authorities and/or otherwise imposed by remote communities where the Company holds projects.

The Company may resultantly be subject to various constraints and unknown risks impacting operations resulting from the COVID-19 pandemic, variants of COVID-19 and additional business and financial risks that may result from the pandemic and any duration thereof or its aftereffects.

In addition, the Company is subject to supply-chain risks and access risks to supply-inputs, including but not limited to physical goods required for mineral exploration, labour access (domestic and prospectively cross-border situated) and other commonly required goods and services required for the mineral exploration companies, all of which may be subject to risk and delay, directly or indirectly, because of COVID-19 and its aftermath effects.

Agreement with Omnia Metals Group Ltd.

The Company has announced a corporate-level agreement with Omnia Metals Group Ltd. which is subject to various conditions customary in transaction matters of its kind including, without limitation, receipt of all necessary regulatory approvals, shareholder approvals, court approval(s) and the entering into of an arrangement agreement, all of which may contribute risks and uncertainties to the outcome of the proposed transaction and to the Company more broadly.

In addition to the above risks and uncertainties, readers should also consult the Risks and Uncertainties section of the Company's most recent annual audited consolidated financial statements for the fiscal year ended December 31, 2022 and interim unaudited financial statements for the nine months ended September 30, 2023, and all other public filings which detail other risks and uncertainties that may affect the Company, as may be found on www.sedarplus.ca.

Financial Instruments

For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations exposes the Company to concentration risk, credit risk, liquidity risk, commodity price risk, and foreign exchange risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

Concentration Risk

As at September 30, 2023, all of the Company's cash and cash equivalents was held at a major Canadian national financial institution. As a result, the Company was exposed to all of the risks associated with this institution.

Credit Risk

The Company is exposed to credit risk in the normal course of operations, which is the risk that a customer or counterparty will fail to perform an obligation or settle a liability, resulting in financial loss to the Company. The Company manages exposure to credit risk by adopting credit risk guidelines that limit transactions according to counterparty credit worthiness. The Company's maximum exposure to credit risk is the carrying amount of cash and cash equivalents and other receivables on the statement of financial position.

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 manages liquidity risk by forecasting its cash flows from operations and anticipating investing and financing activities. Senior management is actively involved in the review and approval of planned expenditures. As at September 30, 2023, the Company's working capital of \$80,411 (December 31, 2022 - \$285,577) is estimated to be sufficient to satisfy immediate working capital requirements, excepting levels of capital required to fund material exploration programs. Future operations, legal proceedings (if any) and/or exploration programs are expected to require additional financing, form of which may be sought by way of the issuance of debt or equity (if sourced successfully, of which there is no guarantee) or the divestment of project interests.

Commodity Price Risk

The value of the Company's mineral resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand.

Foreign Exchange Risk

Currency risk is the risk to the Company's operations that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at September 30, 2023, the Company has no monetary assets or liabilities in foreign currencies.

Equity Price Risk

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required and movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors the individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Cash and cash equivalents

Cash and cash equivalents comprise cash on deposit at banks and other highly liquid short-term investments, which may be settled on demand or within a maximum 90-day period to maturity.

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive (loss) income (“FVOCI”), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

i. Financial assets and liabilities at FVTPL and FVOCI

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company’s own credit risk will be recognized in other comprehensive (loss) income. The Company recognizes marketable securities at FVTPL. Elected investments in equity instruments at FVOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income.

ii. Financial assets and liabilities at amortized cost

A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset’s contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL, are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

iii. Impairment of financial assets at amortized cost

The Company recognizes a forward-looking basis on the expected credit losses (“ECL”) model on financial assets that are measured at amortized cost, contract assets and debt instruments carried at FVOCI.

At each reporting date, the Company measures the ECL for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the ECL for the financial asset at an amount equal to twelve month expected credit losses. The Company applies the simplified method and measures a loss allowance equal to the lifetime expected credit losses for trade receivables.

The Company recognizes in the statement of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. The loss allowance was \$Nil as at September 30, 2023 (December 31, 2022 - \$Nil).

The following table shows the classification under IFRS 9:

| Financial assets/liabilities | Classification under IFRS 9 |
|--|--------------------------------|
| Cash | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |

Property, plant, and equipment

Property, plant, and equipment (“PPE”) are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Where an item of PPE comprises major components with different useful lives, the components are accounted for as separate items. The depreciation method, useful life and residual values are assessed annually.

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the statement of loss and comprehensive loss. The Company did not have any property, plant, and equipment as at September 30, 2023 (December 31, 2022 - \$Nil).

Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset’s value in use and fair value less costs to sell. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. The impairment loss is recognized in profit or loss in the statement of loss and comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

Exploration and evaluation expenditures

Pre-exploration costs

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

Exploration and evaluation expenditures

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

The Company may occasionally enter into project option arrangements, whereby the Company may transfer part of a mineral interest, as consideration, for an agreement by the optionee to meet certain E&E which would have otherwise been undertaken by the Company, or the inverse if optionee. The Company does not record any expenditures made by the optionee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss in the statement of loss and comprehensive loss. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount and at each reporting period end.

Under IFRS 6 Exploration for and Evaluation of Mineral Resources, one or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment:

- i. The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed.
- ii. Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- iii. Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- iv. Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as ‘mines under construction’. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties. As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs. Mineral exploration and evaluation expenditures are classified as intangible assets.

Rehabilitation obligations

The Company recognizes the fair value of a legal or constructive liability for a rehabilitation obligation in the period in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in profit or loss in the statement of loss and comprehensive loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. The Company does not have significant rehabilitation obligations.

Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, options and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares, warrants or options are recognized as a deduction from equity, net of tax.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of common shares issued in private placements was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to warrants reserves.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors.

On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being renounced, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's year is disclosed separately as flow-through share commitments, if any.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financing expense until qualifying expenditures are incurred.

Per share amounts

Basic earnings per common share is computed by dividing the net income for the period by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to re-purchase common shares of the Company at the average market price during the period. For the current and prior year, this calculation proved to be anti-dilutive.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss in the statement of loss and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss in the statement of loss and comprehensive loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss in the statement of loss and comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in share-based compensation reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based compensation reserves is credited to share capital, adjusted for any consideration paid. Share-based payments of options which expire unexercised remain in share-based compensation reserves.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Mineral tax credit

The Federal and Provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction of exploration and evaluation expenditures in the period that the related expenditures were incurred. These accrued credits are subject to review by the relevant authorities and adjustments, if any, resulting from such a review are recorded in the period that the tax filings are amended.

Joint Arrangements

Certain of the Company's activities are or may be conducted through joint arrangements in which two or more parties have joint control. A joint arrangement is classified as either a joint operation or a joint venture, depending on the rights and obligations of the parties to the arrangement.

Joint operations arise when the Company has a direct ownership interest in jointly controlled assets and obligations for liabilities. The financial statements include the Company's interest in the assets, liabilities, revenues, expenses, and cash flows of this type of arrangement. Joint ventures arise when the Company has rights to the net assets of the arrangement. For these arrangements the Company uses the equity method of accounting and recognizes initial and subsequent investments at cost, adjusting for the Company's share of the joint venture's income or loss, less dividends received thereafter. Joint ventures are tested for impairment whenever objective evidence indicates that the carrying amount of the investment may not be recoverable under the equity method of accounting. The impairment amount is measured as the difference between the carrying amount of the investment and the higher of its fair value less costs of to sell and its value in use. Impairment losses are reversed in subsequent periods if the amount of the loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized.

Forward-Looking Statements

This MD&A, its commentary and the affiliated financial statements contain “forward-looking information” within the meaning of applicable Canadian securities legislation. Such forward-looking statements and information include, but are not limited to, statements regarding prospective production, timing, and expenditures to develop the Company’s projects’ resources, grades and recoveries, cash costs per unit, capital and operating expenditures and sustaining capital, the ability to fund development and exploration of the Company’s projects. The Company does not intend to and does not assume any obligation to update such forward-looking statements or information, other than as required by applicable law.

Forward-looking statements or information involve known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company and its operations to be materially different from those expressed or implied by such statements. Such factors include, among others: access to capital sufficient to sustain the Company as a going-concern, the ability to finance exploration and/or mine development, fluctuations in the price of gold, uranium, lithium, base metals and other commodities, fluctuations in the currency markets (particularly the Canadian dollar and U.S. dollar); changes in national and local governments, legislation, taxation, controls, regulations and political or economic developments in Canada; operating or technical difficulties in mineral exploration, development and mining activities; risks and hazards of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected geological conditions, pressures, cave-ins and flooding); inadequate insurance, or inability to obtain insurance; availability of and costs associated with mining inputs and labour; the speculative nature of mineral exploration and development, diminishing quantities or grades of mineral reserves as properties are mined; risks in obtaining necessary licenses and permits, and challenges to the Company’s title to properties.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or information, there may be other factors that cause results to be materially different from those anticipated, described, estimated, assessed, or intended. There can be no assurance that any forward-looking statements or information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information.

As a result of the foregoing, readers should not place undue reliance on forward-looking statements or information.