

## LONGHORN EXPLORATION CORP.

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THIRD QUARTER ENDED MAY 31, 2022

(All amounts expressed in Canadian dollars, unless otherwise stated)

---

This Management Discussion and Analysis ("MD&A") provides a detailed analysis of the business of Longhorn Exploration Corp. (the "Company") and describes its financial results for the third quarter ended May 31, 2022. The MD&A should be read in conjunction with the condensed interim financial statements of the Company and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the period ended May 31, 2022. In addition, please refer to the audited financial statements from April 27, 2021 (date of incorporation) to August 31, 2021, for disclosure of the Company's significant accounting policies and a discussion of future accounting policy changes. The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in the Canadian dollar.

#### Management's Responsibility

The Company's management is responsible for the preparation and presentation of the financial statements and the MD&A. The financial statements have been prepared in accordance with International Financial Accounting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

#### Forward-Looking Statements

This MD&A may contain forward-looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of exploration or other risk factors beyond its control. Actual results may differ materially from the expected results.

Except for statements of historical fact, this MD&A contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events including completing the initial public offering and listing on the TSX Venture Exchange, carrying out the phase 1 exploration program on the Fame Property and expected timeline for the results and is subject to certain risks, uncertainties and assumptions. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the *forward-looking information*.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, which are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; governmental regulation of the mining industry, including environmental regulation; geological, technical and drilling problems; unanticipated operating events; competition for and/or inability to retain drilling rigs, personnel and other services required to carry out exploration work; adverse weather and climate events; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for commodities; failure to maintain or obtain all necessary government permits, approvals and authorizations; the impact of Covid-19 or other viruses and diseases on the Company's ability to operate; failure to maintain community acceptance (including First Nations); increase in costs; litigation; failure of counterparties to perform their contractual obligations; liabilities inherent in mining operations; changes in tax laws and incentive programs relating to the mining industry; and the other factors described herein under "Risks and Uncertainties"

## **LONGHORN EXPLORATION CORP.**

### **Management's Discussion and Analysis of Financial Condition and Results of Operations For the Third Quarter Ended May 31, 2022**

as well as in our public filings available at [www.sedar.com](http://www.sedar.com). Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

This MD&A is current as at July 18, 2022.

#### **BACKGROUND**

The Company is an exploration stage company engaged in the acquisition and exploration of mineral properties. The Company is currently focusing its exploration activities on precious metals in the Chilcotin area of British Columbia, Canada. The Company has an option to acquire 100% undivided interest in the Fame Property located in the Clinton Mining Division, British Columbia. The Company is a British Columbia company. Its primary business objective is to successfully earn into its key mineral project, and locate and develop this key project into an economically viable mineral property. The Company is primarily a junior exploration company with no revenues from mineral producing operations. The recoverability of amounts shown for the mineral properties and related deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration of the property, and upon future profitable production.

On May 9, 2022, the Company completed its initial public offering (“IPO”) and then commenced trading on the TSX Venture Exchange (“TSXV”) on May 12, 2022 under the trading symbol “LEX”. The head office and the principal address of the Company are located at 228 – 1122 Mainland Street, Vancouver, BC V6B 5L1, Canada.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The impact of the COVID-19 pandemic has major implications for all economic activities, including that of the Company. At this time, it is not possible to predict the duration or magnitude of the adverse results of the outbreak, however, management believes that the impact to the Company will be limited mainly to the curtailment of travel and access to mineral projects due to travel and social distancing restrictions as well as its ability to raise financing. There has been no material disruption to the Company’s current operations to date. The Company’s current focus is on its project located in British Columbia, Canada and as a result, access to the property is not prohibited. The Company may consider acquisitions of other resource projects in foreign or domestic jurisdictions in the future.

**LONGHORN EXPLORATION CORP.**

**Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Third Quarter Ended May 31, 2022**

**MINERAL PROPERTIES**

Exploration and evaluation assets comprise the following accumulated expenditures:

	<b>Fame Project</b>
	\$
<b>Balance at April 27, 2021 (date of incorporation)</b>	<b>-</b>
Acquisition costs	20,000
Airborne survey	90,000
Camp costs	1,662
Geological Reports	10,800 7,829
<b>Balance at August 31, 2021</b>	<b>130,291</b>
Acquisition costs	92,000
Interpretation/Analysis Reports	20,247
<b>Balance at May 31, 2022</b>	<b>242,538</b>

**Fame Project**

On May 10, 2021, as amended, the Company entered into a purchase option agreement (“Option Agreement” or “Option”) with Chris Dyakowski (“Optionor”), whereby the Company was granted exclusive rights to acquire 100% of the Optionor’s 11 mining claims located in the Chilcotin, British Columbia, Canada.

In order to exercise the option, the Company must meet the following commitments:

- a. Pay to the Optionor an aggregate of \$300,000 as follows:
  - i. \$20,000 within 60 days after execution of the Option Agreement (paid);
  - ii. \$20,000 within 10 days of listing on a Canadian stock exchange (paid);
  - iii. \$75,000 on or before the 18-month anniversary of listing on a Canadian stock exchange;
  - iv. \$60,000 on or before the 24-month anniversary of listing on a Canadian stock exchange; and
  - v. \$125,000 on or before the 36-month anniversary of listing on a Canadian stock exchange.
  
- b. Issue to the Optionor an aggregate of 3,000,000 common shares of the Company as follows:
  - i. 400,000 shares within 10 days of listing on a Canadian stock exchange (issued);
  - ii. 600,000 shares on or before the 18-month anniversary of listing on a Canadian stock exchange;
  - iii. 1,000,000 shares on or before the 24-month anniversary of listing on a Canadian stock exchange; and
  - iv. 1,000,000 shares on or before the 36-month anniversary of listing on a Canadian stock exchange.

Incur no less than \$2,000,000 of exploration expenditures as follows:

- i. \$200,000 on or before 12-month anniversary of listing on a Canadian stock exchange;
- ii. an additional \$600,000 on or before the 24-month anniversary of listing on a Canadian stock exchange; and
- iii. an additional \$1,200,000 on or before the 36-month anniversary of listing on a Canadian stock exchange.

If the Company exercises the Option and acquires 100% rights, title and interest in the claims, the Optionor will be entitled to 2.0% net smelter royalty (one-half of which may be repurchased for \$500,000).

## **LONGHORN EXPLORATION CORP.**

### **Management's Discussion and Analysis of Financial Condition and Results of Operations For the Third Quarter Ended May 31, 2022**

#### **Developments on the Fame Property**

On June 6, 2022, the Company announced a geochemical program on the Fame property and has since completed this program and samples have been sent to an independent laboratory for assaying.

On July 13, 2022, the Company announced an aeromagnetic survey which will be flown with two or more magnetic sensors with a known separation and the magnetic gradient can be directly measured as the difference in magnetic field between the sensors divided by the distance. The Company has decided to pursue the aeromagnetic geophysical survey instead of the induced polarization survey due to uncertainty of the availability of the induced polarization survey equipment and personnel at the current time. The aeromagnetic survey's magnetic sensors are intended to detect magnetic targets and once the soil geochemical sample results are received, analyzed, and interpreted it will provide the Company with a greater understanding of the Fame property and potential drill targets.

#### **LIQUIDITY AND CAPITAL RESOURCES**

In management's view, given the nature of the Company's operations, which consist of exploration and evaluation of a mining property, the most relevant financial information relates primarily to current liquidity, solvency and planned property expenditures. The Company's financial success will be dependent upon the extent to which it can successfully exercise its option, discover mineralization and the economic viability of developing its properties.

Such development may take years to complete and the amount of resulting income, if any, is difficult to determine. The sales value of any minerals discovered by the Company is largely dependent upon factors beyond the Company's control, including the market value of the metals to be produced. The Company does not expect to receive significant income from any of its properties in the foreseeable future.

At May 31, 2022, the Company had working capital of \$473,593, including cash of \$491,833.

On incorporation on April 27, 2021, the Company issued 650,000 founders shares at a price of \$0.01 per share for gross proceeds of \$6,500.

Pursuant to a private placement, on June 3, 2021, the Company issued 2,200,000 flow through common shares at a price of \$0.05 per share for gross proceeds of \$110,000. All proceeds were allocated to the share capital. There was \$nil proceeds allocated to the flow through premium.

Pursuant to a private placement, on June 30, 2021, the Company issued 1,600,000 common shares at a price of \$0.05 per share for gross proceeds of \$80,000.

Pursuant to a private placement, on July 7, 2021, the Company issued 150,000 common shares at a price of \$0.05 per share for gross proceeds of \$7,500.

In October 14, 2021, the Company completed a private placement of 500,000 common shares at \$0.05 per share for total proceeds of \$25,000.

**LONGHORN EXPLORATION CORP.**

**Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Third Quarter Ended May 31, 2022**

On May 9, 2022, the Company completed its IPO through the issuance 2,148,000 common shares at a price of \$0.20 per common share and 800,000 flow-through common shares at a price of \$0.25 per flow-through share, for aggregate gross proceeds of \$629,600. The Company's common shares were listed on May 9, 2022 and commenced trading on May 12, 2022. Pursuant to the IPO, the Agent received a cash commission of \$46,675 and an aggregate of 219,855 non-transferable common share purchase warrants entitling the Agent and members of its selling group to purchase 219,855 common shares at \$0.20 per common share at any time until May 9, 2024.

The Company's expected cash resources are sufficient to meet its working capital and mineral property requirements for the next year, however the Company has no source of revenue therefore management will continue to seek new sources of capital to maintain its operations and to further the development and acquisition of its mineral properties.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the period ended May 31, 2022, the Company incurred a net loss of \$48,775.

**OUTSTANDING SHARE DATA**

The following share capital as of date of this document is:

	<b>Balance</b>
Shares issued and outstanding	8,448,000
Warrants	219,855

**RESULTS OF OPERATION**

**For the three and nine months ended May 31, 2022**

The Company incurred a net profit of \$16,710 and a net loss of \$48,775 for three and nine months ended May 31, 2022, respectively compared to a net loss of \$8 from April 27, 2021, to May 31, 2022 short interim period. The Company incurred increased professional fees (net of fee forgiveness) and regulatory costs related to its May 12, 2022 listing on the TSX Venture Exchange.

**LONGHORN EXPLORATION CORP.****Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Third Quarter Ended May 31, 2022****SELECTED QUARTERLY INFORMATION FOR MOST RECENT COMPLETED QUARTERS**

	<b>May 31, 2022</b>	<b>February 28, 2022</b>	<b>November 30, 2021</b>	<b>August 31, 2021</b>	<b>Date of Incorporation, April 27, 2021 to May 31, 2021</b>
		\$	\$	\$	\$
Net profit (loss)	(16,710)	599	(32,664)	(21,016)	(8)
Loss per share (basic and diluted)	(0.00)	0.00	(0.00)	(0.01)	(0.00)

**SELECTED ANNUAL INFORMATION FOR MOST RECENT COMPLETED YEARS**

	<b>Date of Incorporation, April 27, 2021 to August 31, 2021</b>
	\$
<b>Income Statement</b>	
Net profit (loss)	(21,024)
Loss per share (basic and diluted)	(0.01)
<b>Balance Sheet</b>	
Total resource properties	130,291
Total assets	260,647
Total long-term liabilities	-

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

	<b>Ref.</b>	<b>May 31, 2022</b>	<b>August 31, 2021</b>
			\$
Other financial assets	a	<b>491,833</b>	<b>130,356</b>
Other financial liabilities	b	<b>25,473</b>	<b>77,671</b>

a. Comprises cash.

b. Comprises accounts payable.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values.

## **LONGHORN EXPLORATION CORP.**

### **Management's Discussion and Analysis of Financial Condition and Results of Operations For the Third Quarter Ended May 31, 2022**

#### **Management of Industry and Financial Risk**

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company's financial instruments are exposed to certain financial risks, which include the following:

#### ***Credit risk***

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. The Company is not exposed to significant credit risk.

#### ***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company's cash is held in corporate bank accounts available on demand. The Company's accounts payable and accrued liabilities are due within 90 days of May 31, 2022. Liquidity risk has been assessed as being low. The Company is not exposed to significant liquidity risk.

#### ***Market Risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Company is not exposed to significant market risk.

#### ***Currency Risk***

The Company is subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. The Company is not exposed to significant currency risk.

#### ***Interest Rate Risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

#### ***Price Risk***

The Company is exposed to price risk with respect to equity prices. Price risk as it relates to the Company is defined as the potential adverse impact on the Company's ability to raise financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. The Company is not exposed to significant price risk.

#### ***Capital management***

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of components of shareholders' equity. There were no changes in the Company's approach to capital management during the period. The Company is actively

## LONGHORN EXPLORATION CORP.

### Management's Discussion and Analysis of Financial Condition and Results of Operations

#### For the Third Quarter Ended May 31, 2022

looking to acquire an interest in a business or assets, and this involves a high degree of risk. The Company has not determined whether it will be successful in its endeavors and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of common shares. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company is not subject to any externally imposed capital requirements.

#### 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.

	For the nine months ended May 31, 2022	From April 27, 2021 (date of incorporation) to May 31, 2021
	\$	\$
Share capital	12,500	-
Office and administrative	500	-
Professional fees (recovery)	(3,000)	-

May 31, 2022, \$2,625 (August 31, 2021 - \$5,000) was owing to Ryan Cheung, the Chief Financial Officer of the Company, for professional fees and office rent. During the month of March 2022, \$5,000 of historical professional fees were forgiven by the Chief Financial Officer with \$2,000 in professional fees charged in the month of May 2022. In addition, \$12,500 was paid to the Chief Financial Officer for professional services directly related to the IPO and has been included as a reduction of share capital. Any balances that would have been owing to related parties would be unsecured, would not bear interest, and would have no fixed terms of payments.

#### Off-Balance Sheet Transactions

The Company has not entered into any significant off-balance sheet arrangements or commitments.

#### CRITICAL ACCOUNTING ESTIMATES

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses.

The use of estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

## **LONGHORN EXPLORATION CORP.**

### **Management's Discussion and Analysis of Financial Condition and Results of Operations For the Third Quarter Ended May 31, 2022**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. Accounts which require management to make material estimates and significant assumptions in determining amounts recorded include: impairment of exploration and evaluation assets, share-based payments, and determination of functional currency.

#### *i) Impairment*

The Company assesses its exploration and evaluation assets annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, an estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments may require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, and exploration potential.

#### *ii) Share based payments*

The Company follows accounting guidelines in determining the fair value of stock-based compensation. The computed amount is not based on historical cost, but is derived based on subjective assumptions input into an option pricing model. The model requires that management make forecasts as to future events, including estimates of: the expected life of options; future volatility of the Company's share price in the expected hold period (using historical volatility as a reference); and the appropriate risk-free rate of interest. Stock-based compensation incorporates an expected forfeiture rate. The resulting value calculated is not necessarily the value that the holder of the option could receive in an arm's length transaction, given that there is no market for the options and they are not transferable. It is management's view that the value derived is highly subjective and dependent entirely upon the input assumptions made.

#### *iii) Functional and presentational currency*

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

#### *iv) Basis of measurement*

These financial statements have been prepared on a historical cost basis and except for cash flow information, using the accrual basis of accounting.

## **PROPOSED TRANSACTIONS**

None.

## **RISK AND UNCERTAINTIES**

The Company is in the mineral exploration and development business and, as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

- a) The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. The recovery of the Company's investment in exploration and evaluation assets and the attainment of profitable operations are dependent upon the discovery and development of economic ore reserves and the ability to arrange sufficient financing to bring the ore reserves into production.

## **LONGHORN EXPLORATION CORP.**

### **Management's Discussion and Analysis of Financial Condition and Results of Operations**

#### **For the Third Quarter Ended May 31, 2022**

- b) The most likely sources of future funds for further acquisitions and exploration programs undertaken by the Company are the sale of equity capital and the offering by the Company of an interest in its properties to be earned by another interested party carrying out further exploration or development. If such exploration programs are successful, the development of economic ore bodies and commencement of commercial production may require future equity financings by the Company, which are likely to result in substantial dilution to the holdings of existing shareholders.
- c) The Company's capital resources are largely determined by the strength of the resource markets and the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.
- d) The prices of metals greatly affect the value and potential value of its exploration and evaluation assets. This, in turn, greatly affects its ability to raise equity capital, negotiate option agreements and form joint ventures.
- e) The Company must comply with health, safety, and environmental regulations governing air and water quality and land disturbances and provide for mine reclamation and closure costs. The Company's permission to operate could be withdrawn temporarily where there is evidence of serious breaches of such regulations, 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 noncompliance with environmental laws or regulations.
- f) The operations of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue exploration and development activities in the future.
- g) Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such assets may be subject to prior agreements or transfers and title may be affected by such undetected defects.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in any forward looking statement. The development and exploration activities of the Company are subject to various laws governing exploration, development, and labour standards which may affect the operations of the Company as 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.

#### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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