

**ORCUS RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021**

**The effective date of this report is November 29, 2021**

**Management Discussion & Analysis:**

Management’s discussion and analysis (“MD&A”) provides a detailed analysis of the results and financial condition of Orcus Resources Ltd. (the “Company” or “Orcus”) for the six months ended September 30, 2021. The following management discussion and analysis, prepared as of November 29, 2021, should be read together with the unaudited condensed interim financial statements for the six months ended September 30, 2021 with the related notes attached thereto and the audited financial statements for the year ended March 31, 2021 with the related notes attached thereto, prepared in accordance with International Financial Reporting Standards (“IFRS”). The MD&A supplements, but does not form part of the financial statements. Management is responsible for the preparation of the financial statements and the MD&A for the six months ended September 30, 2021. News releases and previous filings may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**Description of Business:**

The Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act on September 28, 2020. The Company was classified as a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4 on October 5, 2021. The Company will not carry on any business other than the identification and evaluation of assets or a business with a view to completing a Qualifying Transaction which will be subject to receipt of shareholder approval and acceptance by regulatory authorities.

**Forward Looking Statements:**

This Management Discussion and Analysis contains certain forward-looking statements and information relating to Orcus that is based on the beliefs of the Company, or management, as well as assumptions made by and information currently available to the Company or management. When used in this document, the words “anticipate”, “believe”, “estimate”, “expect”, “implied”, “intend” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the current view of the Company regarding future events and are subject to certain risks, uncertainties and assumptions, including the risks and uncertainties noted and the recent outbreak of an epidemic or a pandemic, the novel coronavirus (COVID-19). Should one or more of these risks materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, implied, expected or intended. In each instance, forward-looking information should be considered in the light of the accompanying meaningful cautionary statements herein. Orcus cautions that forward-looking statements involve risk and uncertainty.

**Overall Performance**

As a CPC, the Company does not generate revenues from operations. The Company’s net loss for the six months ended September 30, 2021 was \$52,523.

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Working capital as at September 30, 2021 was \$66,662 (March 31, 2021: \$89,794), and comprised cash of \$58,653 (March 31, 2021: \$94,643), prepaid expenses and deposits of \$21,801 (March 31, 2021: \$1,801) and accounts payable and accrued liabilities of \$16,610 (March 31, 2021: \$7,000).

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business and obtain the necessary financing to do so, within 24 months of listing on the TSX-V.

### **Summary of Corporate Activities**

During the six-months ended September 30, 2021, the Company:

- i) 400,000 common shares were subscribed and issued at \$0.05 per share for proceeds of \$20,000 by directors and officers of the Company. These shares will be held in escrow under an escrow agreement. The common shares will be released from escrow on the date of the final Qualifying Transaction Bulletin under the following terms: 25% to be released on the date the Transaction bulletin is issued, and 25% to be released every six months thereafter. And
- ii) 210,000 incentive stock options to directors and officers were granted (subject to regulatory approval) at a price of \$0.05 per common share with a fair value of \$9,391 using the Black-Scholes option pricing model assuming a life expectancy of ten years, a risk-free interest rate of 1.49%, a forfeiture rate of nil, and volatility of 100%, the Company expensed \$9,391 as share-based compensation for stock options.

### **Financial Instruments**

IFRS 9 establishes three primary measurement categories for financial assets: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") and amortized cost. The basis for classification depends on the entity's business model and the contractual cash flow characteristics of the instrument.

The Company determines the classification of its financial instruments at initial recognition. Upon initial recognition, a financial asset is classified as measured at: amortized cost, fair value through profit and loss ("FVTPL"), or fair value through other comprehensive income (loss) ("FVOCI"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial liability is classified and measured at amortized cost or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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 elected to measure them at FVTPL.

The Company classifies its financial instruments as follows:

<u>Asset or Liability</u>	<u>IFRS 9 Classification</u>
Cash	FVTPL
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

A fuller description of financial instruments is provided in Note 3 to the audited financial statements for the year March 31, 2021.

#### RECENT ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee.

During the period ended September 30, 2021, the Company was not required to, and has not adopted any new standards, interpretations, amendments and improvements to existing standards which had a material impact on the Company's condensed interim financial statements. The Company also does not expect the adoption of any currently announced new standards,

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interpretations, amendments and improvements to existing standards to have a material impact on the Company's condensed interim financial statements.

### **Summary of Quarterly Results & Results of Operations**

The table below provides, for each of the last eight quarterly periods, a summary of corporate losses and is derived from unaudited quarterly financial statements prepared by management. The Company's condensed interim financial statements are prepared in accordance with IFRS applicable to interim financial statements and are expressed in Canadian dollars.

	<b>Loss per quarter</b>	<b>Loss per share</b>	<b>Property costs</b>
Apr 1, 2021 – June 30, 2021	38,904	0.02	-
July 01, 2021 to September 30, 2021	13,619	0.01	-

### **Discussion of Operations for the six months ended September 30, 2021**

Loss and comprehensive loss for the six-months ended September 30, 2021 was \$52,523 of which \$18,598 was spent on audit, accounting and legal fees. Regulatory and filing fees of \$24,330 were incurred for the six months ended September 30, 2021. 210,000 incentive stock options to directors and officers were granted (subject to regulatory approval) at a price of \$0.05 per common share with a fair value of \$9,391 using the Black-Scholes option pricing model assuming a life expectancy of ten years, a risk-free interest rate of 1.49%, a forfeiture rate of nil, and volatility of 100%, the Company expensed \$9,391 as share-based compensation for stock options.

### **Discussion of Operations for the three months ended September 30, 2021**

Loss and comprehensive loss for the three-month period ended September 30, 2021 was \$13,619 of which \$1,875 was spent on audit, accounting and legal fees. Regulatory and filing fees of \$11,640 were incurred for the three months ended September 30, 2021.

### **Liquidity, Capital Resources and Capital Expenditures**

As at September 30, 2021, the Company's working capital, defined as current assets less current liabilities, was \$66,662 (March 31, 2021: \$89,794). Management believes the existing working capital to be sufficient for the Company to meet its ongoing obligations as a CPC. Further financing may be required, however, to provide funding for future operations. The successful completion of such financing is not guaranteed, and depends on a number of factors, including the general sentiment in the capital markets, the strength of commodities prices and the strength of the local and global economies.

Other source of funds potentially available to the Company is through the exercise of 210,000 stock options granted to directors and officers at a price of \$0.05 per share expiring ten years from the grant date (until May 07, 2031).

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The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that the Company cannot spend more than the \$3,000 per month on allowable general and administrative (G&A) expenses until the completion of a Qualifying Transaction for purposes other than to identify and evaluate assets or businesses and obtain shareholder approval for a proposed Qualifying Transaction if necessary. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange Policy 2.4.

**Off-balance sheet arrangements**

The Company has no off-balance sheet arrangements.

**Financial risk factors**

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

*Credit risk*

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and interest receivable. The Company limits its exposure to credit loss by placing its cash and G.I.C.'s with major financial institutions.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2021, the Company's cash and receivables exceeded its current liabilities. In order to meet future obligations as they become due, the Company may need to access funding from the issuance of equity securities, the exercise of stock options or through other sources. The Company's access to financing is uncertain and there is no assurance of continued access to equity funding.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

*a) Interest rate risk*

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

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b) *Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in a foreign currency. As at September 30, 2021, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

c) *Price risk*

Equity price risk is defined as the potential adverse impact on the Company's earnings 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's business and operations could be adversely affected by the outbreak of an epidemic or a pandemic or other health crises, including the recent outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency. Global government actions, along with market uncertainty could cause an economic slowdown resulting in a decrease in the demand for metals and have a negative impact on metal prices, as well as possible disruptions to global supply chains. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

**Related Party Transactions**

During the six-months ended September 30, 2021, accounts payable included \$10,500 owed to a director of the Company for operating expenses paid on behalf of the Company.

**Outstanding Share Data**

Authorized Capital

Unlimited common shares with no par value and unlimited preferred shares with no par value.

Issued and Outstanding Capital

2,500,000 common shares were issued and outstanding as at September 30, 2021 and 2,100,000 as at March 31, 2021.

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Stock Options & Warrants Outstanding (as at September 30, 2021).

	Number	Exercise Price	Expiry Date
Directors' stock options	210,000	\$0.05	May 07, 2031

Stock Options & Warrants Outstanding (as at March 31, 2021).

	Number	Exercise Price	Expiry Date
Directors' stock options	nil	N/A	N/A

### **Subsequent Events**

The Company completed its initial public offering (the "Offering") and issued 4,000,000 common shares (the "Shares"), representing the maximum number of Shares issuable pursuant to the Offering, for gross proceeds of \$400,000. The Agent received a cash commission of 10% of the gross proceeds of the Offering and 400,000 Agent's Options at a price of \$0.10 per share exercisable for 5 years. The Company's common shares were listed on the TSX-V on October 5, 2021 and immediately halted pending closing of the Offering. The common shares commenced trading on the TSX-V on October 7, 2021 under the trading symbol "ORCS.P".

265,000 stock options were granted to the directors and officers of the Company to acquire shares of the Company at an exercise price of \$0.10 per Share which may be exercised for a period of 10 years from the date of grant.

130,000 stock options were granted to a technical consultant of the Company on October 20, 2021 to acquire shares of the Company at an exercise price of \$0.15 per Share which may be exercised for a period of 2 years from the date of grant.

The Company entered into a letter of intent on November 1, 2021, with Western Metallica Corp. ("Western Metallica") to complete a business combination by way of a share exchange (the "Transaction"). The Transaction is expected to constitute Orcus's Qualifying Transaction under the CPC Policy of the TSX Venture Exchange. Completion of the Transaction is subject to regulatory and shareholders approval and other pertinent conditions, and has not accrued as of the date of these unaudited condensed interim financial statements.

On November 23, 2021, the Company announced that Western Metallica closed a brokered private placement of subscription receipts in connection with the proposed Transaction by issuing 26,667,000 subscription receipts at a price of \$0.30 per subscription receipt for aggregate gross proceeds of \$8,000,100. Each subscription receipt will, upon the satisfaction or waiver of certain escrow release conditions, be automatically converted into one common share in the capital of

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Western Metallica and one-half of one common share purchase warrant of Western Metallica. Immediately following the issuance of the Western Metallica shares and Western Metallica warrants upon conversion of subscription receipts, each Western Metallica share will be exchanged for one common share of the issuer resulting from the Qualifying Transaction (the “Resulting Issuer”), and each Western Metallica warrant will be exchanged for one common share purchase warrant of the Resulting Issuer. Each Resulting Issuer warrant will be exercisable for one Resulting Issuer share at a price of \$0.45 per Resulting Issuer warrant share for a period of 24 months following the completion of the financing or earlier in the event that closing trading price of the Resulting Issuer shares is greater than \$0.75 for a period of 10 consecutive trading days on a recognized stock exchange.