

ORCUS RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2022

The effective date of this report is July 27, 2022

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 year ended March 31, 2022. The following management discussion and analysis, prepared as of July 27, 2022, should be read together with the audited financial statements for the year ended March 31, 2022 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 year ended March 31, 2022. News releases and previous filings may be found on SEDAR at 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 05, 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.

On October 5, 2021, 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 Company's common shares were listed on the TSX-V 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".

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 constitutes Orcus's Qualifying Transaction under the CPC Policy of the TSX Venture Exchange.

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.

The gross proceeds from the sale of the Subscription Receipts, less the Agents' commission and expenses and an initial advance to Western Metallica of \$750,000 paid at the closing of the Offering are being held in escrow by Endeavor Trust Corporation ("Endeavor") in accordance with a subscription receipt agreement dated November 23, 2021 among Western Metallica, Endeavor and Clarus Securities Inc. and will be released to Western Metallica upon satisfaction and/or waiver of certain escrow release conditions (the "Escrow Release Conditions"), including completion of all conditions precedent to the Transaction. If the Escrow Release Conditions are satisfied or waived on or before April 23, 2022, the escrowed proceeds from the Offering will be released to Western

ORCUS RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2022

Metallica. If the Escrow Release Conditions are not satisfied or waived by that date or the Transaction is terminated prior thereto, the gross proceeds and *pro rata* entitlement to interest earned on the escrowed proceeds will be paid to the holders of the Subscription Receipts.

Upon satisfaction of the Escrow Release Conditions, each Subscription Receipt will be automatically exchanged, without any further action by its holder, and for no additional consideration, for one common share of Western Metallica Resources Corp. (a "WMR Share") and one-half-of-one share purchase warrant of Western Metallica Resources Corp. (a "WMR Warrant"). Each whole WMR Warrant entitles the holder to acquire one WMR Share at a price of \$0.45 for a period of 2 years.

On April 13, 2022, the escrow conditions were satisfied, and funds held in escrow were released to Western Metallica.

On December 23, 2021, the Company entered into an amalgamation agreement (the "Amalgamation Agreement") with Western Metallica and 1000055944 Ontario Inc. ("Subco"), a wholly owned subsidiary of the Company, incorporated for the purpose of completing the Transaction. Following the completion of the Transaction, Orcus will continue on the business of Western Metallica under the name "Western Metallica Resources Corp." (the "Resulting Issuer"). For financial reporting purposes, the Transaction will be presented as a reverse acquisition of Orcus by Western Metallica.

Under the Amalgamation Agreement, each holder of common shares of Western Metallica ("Western Metallica Shares") will receive one common share of the Resulting Issuer for each Western Metallica Share held. All outstanding convertible securities of Western Metallica immediately prior to closing of the amalgamation, including warrants of Western Metallica, will be exchanged or replaced with convertible securities of the Resulting Issuer.

The Transaction was completed on April 13, 2022. In connection with the completion of the Transaction, the Company's common shares have been listed and admitted to trading on the TSX Venture Exchange (the "TSXV") as of April 19, 2022, with trading to commence as of the open on April 19, 2022, under the symbol "WMS".

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

ORCUS RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2022

of the accompanying meaningful cautionary statements herein. Orcus cautions that forward-looking statements involve risk and uncertainty.

Overall Performance

The Company's loss for the year ended March 31, 2022 was \$185,618 (March 31, 2021: \$15,206).

Working capital at March 31, 2022 was \$221,820 (March 31, 2021: \$89,794), and comprised cash of \$247,551 (March 31, 2021: \$94,643), receivables of \$8,853 (March 31, 2021: \$350), prepaid expenses of \$nil (March 31, 2021: \$1,801) and accounts payable and accrued liabilities of \$34,584 (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. Subsequent to March 31, 2022, Orcus completed a Qualifying Transaction under the CPC Policy of the TSX Venture Exchange.

Summary of Corporate Activities

During the year ended March 31, 2022:

- i) 400,000 common shares were subscribed 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) the Company issued 4,000,000 common shares at a price of \$0.10 per share by way of its Initial Public Offering (the "Offering" or "IPO") pursuant to Policy 2.4 "Capital Pool Companies" of the TSX-V. A cash commission of 10% of the gross proceeds of the Offering was paid to the Agent. The Agent was also paid a corporate finance fee of \$10,000 and was reimbursed by the Company for its expenses and legal fees plus disbursements. The Company paid an aggregate of \$140,997 in cash commission, administration fee, legal and other expenses (all disclosed as share issue costs). The Agent was granted an Agent's option to purchase up to 400,000 common shares at a price of \$0.10 per common share, exercisable for a period of 5 years from the date of listing of the common shares on the TSX-V. The Agent's option was recorded at a fair value of \$29,744 using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk-free interest rate of 1.10%, a forfeiture rate of nil, and volatility of 100%.
- iii) 210,000 incentive stock options were granted to directors and officers 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%.

ORCUS RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2022

iv) 265,000 incentive stock options were granted to directors and officers at an exercise price of \$0.10 per Common Share with a fair value of \$23,706 using the Black-Scholes option pricing model assuming a life expectancy of ten years, a risk-free interest rate of 1.53%, a forfeiture rate of nil, and volatility of 100%,

v) 130,000 stock options were granted at an exercise price of \$0.15 per Common Share with a fair value of \$5,544 using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 0.79%, a forfeiture rate of nil, and volatility of 100%,

vi) 400,000 stock options were granted at an exercise price of \$0.10 per Common Share with a fair value of \$29,744 using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk-free interest rate of 1.10%, a forfeiture rate of nil, and volatility of 100%.

The Company expensed \$38,641 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
- 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.

ORCUS RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2022

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 ended March 31, 2022.

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 year ended March 31, 2022, 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 financial statements. The Company also does not expect the adoption of any currently announced new standards, interpretations, amendments, and improvements to existing standards to have a material impact on the Company's financial statements.

Summary of Quarterly Results & Results of Operations

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

ORCUS RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2022

	(Income) / Loss per quarter \$	(Income) / Loss per share \$	Property costs \$
Apr 1, 2021 - Jun 30, 2021	38,905	0.01	-
Jul 1, 2021 - Sep 30, 2021	13,619	0.00	-
Oct 1, 2021 - Dec 31, 2021	224,766	0.05	-
Jan 1, 2022 - Mar 31, 2022	(91,672)	(0.02)	-

Discussion of Operations for the year ended March 31, 2022

Loss and comprehensive loss for the year ended March 31, 2022 was \$185,618 (March 31, 2021: \$15,206) of which \$79,469 (March 31, 2021: \$14,364) was spent on audit, accounting and legal fees. Regulatory and filing fees of \$51,111 (March 31, 2021: \$491) were incurred for the year ended March 31, 2022. 210,000 incentive stock options were granted to directors and officers 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%, 265,000 incentive stock options to directors and officers at an exercise price of \$0.10 per Common Share with a fair value of \$23,706 using the Black-Scholes option pricing model assuming a life expectancy of ten years, a risk-free interest rate of 1.53%, a forfeiture rate of nil, and volatility of 100%, 130,000 stock options at an exercise price of \$0.15 per Common Share with a fair value of \$5,544 using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 0.79%, a forfeiture rate of nil, and volatility of 100%, and 400,000 stock options at an exercise price of \$0.10 per Common Share with a fair value of \$29,744 using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk-free interest rate of 1.10%, a forfeiture rate of nil, and volatility of 100%. The Company expensed \$38,641 (March 31, 2021: \$nil) as share-based compensation for stock options.

Discussion of Operations for the three months ended March 31, 2022

Income and comprehensive income for the three-month period ended March 31, 2022 was \$91,672. Capitalization of previously expensed legal fees and share-based payments amounted to \$115,575 and \$22,750 was spent on audit, accounting and legal fees.

Liquidity, Capital Resources and Capital Expenditures

At March 31, 2022, the Company's working capital, defined as current assets less current liabilities, was \$221,820 (March 31, 2021: \$89,794). The existing working capital should be sufficient for the Company to meet its ongoing obligations. 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.

Subsequent to March 31, 2022, Orcus completed a Qualifying Transaction under the CPC Policy of the TSX Venture Exchange.

ORCUS RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2022

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 March 31, 2022, 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.

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 March 31, 2022, 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.

ORCUS RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2022

The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Related Party Transactions

As at March 31, 2022, accounts payable included \$10,500 (March 31, 2021 - \$nil) owed to a director of the Company for operating expenses paid on behalf of the Company. During the year ended March 31, 2022, expense reimbursements charged by a director of the Company totaled \$180,679 (period ended March 31, 2021 - \$10,323).

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Outstanding Share Data

Authorized Capital

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

Issued and Outstanding Capital

6,500,000 common shares were issued and outstanding at March 31, 2022.

Stock Options & Warrants Outstanding (at March 31, 2022).

	Number	Exercise Price	Expiry Date
Agents' stock options	400,000	\$ 0.10	Oct 05, 2026
Consultants' stock options	130,000	0.15	Oct 20, 2023
Directors' stock options	210,000	0.05	May 07, 2031
Directors' stock options	265,000	0.10	Oct 05, 2031

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

As at March 31, 2021, the Company did not have any stock options outstanding.

Subsequent Events

Proposed Transaction

Western Metallica and Orcus entered into an amalgamation agreement (the "Amalgamation Agreement") dated December 23, 2021 (the "Transaction"). The Transaction constitutes Orcus's Qualifying Transaction under the Capital Pool Companies policy (the "CPC Policy") of the TSX Venture Exchange (the "Exchange"). Following the completion of the Transaction, Orcus will continue on the business of Western Metallica under the name "Western Metallica Resources Corp." (the

ORCUS RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2022

“Resulting Issuer”). For financial reporting purposes, the Transaction will be presented as a reverse acquisition of Orcus by Western Metallica.

Under the Amalgamation Agreement, each holder of common shares of Western Metallica (“Western Metallica Shares”) will receive one common share of the Resulting Issuer for each Western Metallica Share held. All outstanding convertible securities of Western Metallica immediately prior to closing of the amalgamation, including warrants of Western Metallica, will be exchanged or replaced with convertible securities of the Resulting Issuer.

The Transaction was completed on April 13, 2022. In connection with the completion of the Transaction, the Company’s common shares have been listed and admitted to trading on the TSX Venture Exchange (the “TSXV”) as of April 19, 2022, with trading to commence as of the open on April 19, 2022, under the symbol “WMS”.

Exercise of Stock Options

On April 26, 2022, 210,000 of the Company’s options were exercised at an exercise price of \$0.05 and 265,000 options were exercised at an exercise price of \$0.10, generating proceeds of \$37,000 (period ended March 31, 2021: no options exercised). The Company’s share price at the time of option exercise was \$0.15.