
**POWER GROUP PROJECTS
CORP.**

**MANAGEMENT'S DISCUSSION AND
ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS**

**For the years ended
January 31, 2021 and 2020**

(Expressed in Canadian Dollars)

POWER GROUP PROJECTS CORP.

Management's Discussion and Analysis of Financial Condition and Results of Operations
For year ended January 31, 2021 and 2020

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POWER GROUP PROJECTS CORP.

Management's Discussion and Analysis of Financial Condition and Results of Operations
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1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Power Group Projects Corp. (referred to as "Power Group", the "Company", "us" or "our") provides analysis of the Company's financial results for the year ended January 31, 2021. The following information should be read in conjunction with the accompanying annual financial statements for the year ended January 31, 2021, and the notes to those financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"). Please also refer to the tables starting on page 13 of this MD&A, which compare certain financial results for the years ended January 31, 2021, and 2020. Financial information contained herein is expressed in Canadian dollars unless stated otherwise. All information in this MD&A is current as of May 21, 2021, unless stated otherwise. This MD&A is intended to supplement and complement the Company's financial statements for the year ended January 31, 2021, and the notes thereto. Readers are cautioned that this MD&A contains "forward-looking statements" and that actual events may vary from management's expectations. Readers are encouraged to read the cautionary note contained herein regarding such forward-looking statements. On behalf of the Board of Directors, this MD&A was reviewed, approved and authorized for issue by the Company's Audit Committee on May 21, 2021.

Description of Business

Power Group is a public company incorporated in British Columbia, under the "Canadian Business Corporation Act" on December 14, 2009, and its common shares are listed on the TSX Venture Exchange (the "TSX:V"), trading under the symbol ("PGP").

Head Office

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V6E 4H1

Share Information

Common shares are listed for trading on the TSX:V under the symbol "PGP".

Investor Information

Financial reports, news releases, and corporate information is available on <https://www.powergroupproject.com> and on SEDAR at www.sedar.com

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Contact Information

Investors: Aleem Nathwani, CEO

POWER GROUP PROJECTS CORP.

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1. INTRODUCTION

As at the date of this MD&A, Power Group's directors and officers are as follows:

Directors	Officers and Position
Aleem Nathwani (Chairman)	Aleem Nathwani, Chief Executive Officer
David Kwok	David Kwok, Chief Financial Officer
Yana Bobrovskaya	

2. FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "*forward-looking statements*" within the meaning of Canadian securities legislation. These forward-looking statements are made as of the date of this MD&A, and the Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable laws.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral resource and mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, the success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. Readers are cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. The words "may", "will", "continue", "could", "should", "would", "suspect", "outlook", "believes", "plan", "anticipates", "estimate", "expects", "intends" and words and expressions of similar import are intended to identify forward-looking statements.

Forward-looking statements include, without limitation, information concerning possible or assumed future results of the Company's operations. These statements are not historical facts and only represent the Company's current beliefs and assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration and development activities and commitments and future opportunities.

Although management considers those assumptions to be reasonable based on information currently available to them, they may prove incorrect.

These statements are not guarantees of future performance and involve assumptions and risks, and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

2. FORWARD-LOOKING STATEMENTS

By their very nature, forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements. Readers are advised to consider such forward-looking statements in light of the risk factors set forth below and further detailed in the "Risks and Uncertainties" section of this MD&A.

These risk factors include, but are not limited to, fluctuation in metal prices, which are affected by numerous factors such as global supply and demand, inflation or deflation, global political and economic conditions; the Company's need for access to additional capital to explore and develop its projects, the risks inherent in the exploration for and development of minerals including the risks of estimating the quantities and qualities of minerals, operating parameters and costs, receiving project permits and approvals, the successful construction of mining and processing facilities, and uncertainty of ultimate profitability of mining operations, risks of litigation and other hazards. The Company cautions that the preceding list of factors that may affect future results is not exhaustive. When relying on any forward-looking statements in this MD&A to make decisions with respect to the Company, investors and others should carefully consider the risk factors set out in this MD&A and other uncertainties and potential events.

3. HIGHLIGHTS AND SUBSEQUENT EVENTS

- On February 10, 2020, the Company announced it had entered into an agreement with RJK Exploration Ltd ("RJK") to pursue kimberlite targets that RJK may identify on the Company's claims in the Cobalt, Ontario area. The term of the agreement will be for a period of three years from the date of acceptance. RJK will pay a fee of \$12,000 cash per year for three years for a total of \$36,000 to the Company to enter into an agreement whereby RJK will have the right to identify, sample and drill test with one diamond drill hole any identified potential kimberlite targets (Phase One). Should RJK determine that following its initial Phase One exploration to continue exploration to each identified target, then RJK and the Company will enter into a Participating Joint-Operating Agreement whereby RJK would have 60% interest, and the Company would have a 40% interest. RJK would then provide the Company with a Phase two exploration budget, at which time, the Company will have 60 days to agree to participate. RJK will place 60% of the proposed budget into a lawyer's trust account for 60 days until the joint venture is triggered. RJK will create a Mining Management Committee to allow all parties to understand the exploration plans better. This includes a review of budgets, proposed work and the hiring of consultants. Should the Company decide not to participate, it will be reduced to a carried 1.5% GORR of which fifty per cent (0.75%) can be purchased for a cash payment of \$1,000,000. Should RJK find mineralized zones other than kimberlites, the structure of the agreement would revert to 50% for RJK and 50% for the Company, with RJK being the operator. RJK would then provide the Company with a Phase two exploration budget, at which time, the Company would have 60 days to agree to participate. RJK will place 50% of the proposed budget into a lawyer's trust account for 60 days until such time the joint venture is triggered. Should the Company agree to participate, a Management Mining Committee would be established. If the Company decides not to participate, it will be reduced to a 1.5% NSR of which 50% (0.75%) may be purchased for \$1,000,000. Subject to Phase two and exploration by RJK, a two-kilometre area of interest surrounding the identified target, subject to claim availability, would be made available by the Company for exploration and development. Should the Company or any of its agents find economic minerals other than diamonds, then these claims on notice to RJK would be exempt from RJK having an interest.
- On April 23, 2020, the Company announced the appointment of new directors to the Board and a new executive management team for the Company. The new team is comprised of Aleem Nathwani, Chief Executive Officer, Chairman and Director, Yana Bobrovskaya, Director and David Kwok, Chief Financial Officer and Director. In connection with the preceding, the Company announces the resignation of John Dyer as President, Chief Executive Officer and Director of the Company, Randy Koroll as Chief Financial Officer and Directors and the resignation of Brian Stecyk as a Director of the Company. The Board of Directors and management would like to thank Messrs. Dyer, Koroll and Stecyk for their contributions to the Company and wish them every success in their future endeavours.

3. HIGHLIGHTS AND SUBSEQUENT EVENTS continued

- On April 13, 2021, the Company has received approval of the TSXV and has completed of the acquisition (the "Acquisition") of all of the issued and outstanding shares of Pallplat Metals Inc. ("Pallplat"). Pallplat was a private company formed under the laws of Ontario, whose sole asset is a letter of intent (the "LOI") with the Prospectus Alliance Syndicate, whereby Pallplat has the option to earn a 100% interest in the Muddy Gullies project in Newfoundland, Canada (the "Property"). As consideration for the Acquisition, the Company has issued an aggregate of 11,700,000 common shares in the capital of the Company (each, a "Common Share") to the shareholders of Pallplat.

In connection with the Acquisition, the Company will enter into a mining option agreement (the "Option Agreement") with the Prospectus Alliance Syndicate (the "Syndicate") whereby the Syndicate will grant an option (the "Option") to the Company to acquire a 100% undivided interest in the Property. In order to exercise the Option the Company is required to: (i) pay an initial deposit of \$20,000, which has been paid by Pallplat, and additional cash payments of \$20,000 payable on each of the first three anniversaries of the LOI; (ii) issue 1,200,000 Common Shares upon receipt of the approval of the TSX Venture Exchange (the "TSXV") and an additional 600,000 Common shares to be issued on each the first three anniversaries of the LOI, and (ii) incur \$800,000 in expenditures in respect of the Property over a three-year period. In addition, Pallplat has agreed to reimburse the Syndicate for various expenses in the amount of \$4,895, which has been paid by Pallplat. In the event that the Option is exercised, the Company will grant a 2% net smelter returns royalty ("NSR") in favour of the Syndicate, subject to the ability of the Company to purchase 0.75% of the NSR (resulting in the remaining NSR being 1.25%) for a purchase price of \$1,250,000 at any time before the commencement of commercial production on the Property.

- In March 2020, the World Health Organization declared a global pandemic related to COVID-19. Its impact on global economies has been far-reaching, and businesses around the world have been forced to cease or limit operations for prolonged or indefinite periods of time. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on our financial position and results, exploration activities, workers, partners, consultants, suppliers and on global financial markets. The Company has taken measures to contain the spread of COVID-19 and is proceeding with exploration activities as long as the work environment remains safe.
- On April 13, 2021, (the "Grant Date"), the Company has granted stock options (collectively, the "Options") to management and consultants to purchase of up to 1,500,000 common shares of the Company (each, a "Share"), pursuant to the Company's Stock Option Plan. The Options are exercisable at an exercise price of \$0.10 per Share and are valid for a period of five years from the Grant Date. Options vest: (i) 25% shall vest on the date that is six months from the Grant Date; (ii) 25% shall vest on the first anniversary of the Grant Date; (iii) 25% shall vest on the date that is eighteen months from the Grant Date; and (iv) 25% shall vest on the second anniversary of the Grant Date.
- Subsequent to year end the Company assigned \$615,838.47 of receivables to arm's length parties for a total cash consideration of \$153,959.62.
- On May 17, 2021, the Company announced a non-brokered private placement through the issuance of up to 20,000,000 units ("Unit") at a price of \$0.06 per Unit for aggregate gross proceeds of up to \$1,200,000 (the "Offering"). Each Unit shall be comprised of one common share ("Common Share") in the capital of the Company and one Common Share purchase warrant ("Warrant") of the Company. Each Warrant shall entitle the holder thereof to acquire one Common Share at a price of \$0.12 per Common Share for a period of three (3) years from the closing date (the "Closing Date") of the Offering. All securities issued pursuant to the Offering will be subject to a hold period of four months plus a day from the date of issuance and the resale rules of applicable securities legislation. The net proceeds from the Offering maybe subject to a finder's fee commission and will be used for general working capital purposes. The closing of the Offering is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory and other approvals, including the approval of the TSX Venture Exchange.

4. PROPERTY SUMMARY

Smith-Cobalt Property

The Smith-Cobalt properties are located approximately 4km SE of Cobalt, Ontario and is comprised of both patent and staked claims totaling 2,100 acres.

The Smith Cobalt properties are underlain by a sequence of Archaean volcanics which are unconformably overlain by Huronian sediments. These formations have been intruded by the Proterozoic-age Nipissing diabase sill. Faulting, on both a regional and local scale, has been found by surface mapping and in drill cores. Polymetallic veining, and especially pinkish-white carbonate veins, has also been reported. Thus, all the necessary geological components of accepted mineralization models for silver-cobalt have been identified on the properties.

The second phase of the drilling program consisted of 16 holes and 2,345 m with the results as follows;

Highlights:

- The mineralized Smith Cobalt veins systems have been extended to over 400 m in strike length, from the western property boundary to the southeast towards the Smith Cobalt East surface.
- Significant concentrations of Co and Ag were encountered.
- Thick, highly anomalous zones of battery-related component metals (Cu, Ni, Zn) were intersected in multiple holes.
- Multiple mineralized veins were intersected in most holes.
- Confirmed and characterized vein systems mapped from historical mine workings.
- It was confirmed that the Smith Cobalt property lies in the same stratigraphic and structural setting as the nearby Deer Horn Mine.

Assay Highlights Include:

- 371.0 g/t Ag and 0.10% Co over 1.0m in hole 17-23
- 0.20% Co over 4.0m in hole 17-23
- 1.15 g/t Ag over 64.0m in hole 17-22
- 5.73 g/t Ag, 0.17% Cu, 0.29% Pb and 0.43% Zn over 6.0m in hole 17-24
- 3.08 g/t Ag over 49.2m in hole 17-25
- 211.0 g/t Ag and 0.193 g/t Au over 0.20m in hole 17-25
- 22.7 g/t Ag, 0.27% Co, 0.52% Cu and 0.439 g/t Au over 1.0m in hole 17-25

Holes 17-21 to 17-25 were drilled to extend the known vein systems extending to the southeast from the Smith Cobalt shaft. These holes were successful in extending the mineralized strike length to over 400 m from the western property boundary. This includes silver concentrations up to 371 g/t over 1.0m in hole 17-23, and cobalt concentrations up to 0.20% over 4.0 m in hole 17-22. Holes 17-23 and 17-24 ended short of the planned target, having intersected what is probably old mine workings, or at least intense fracturing around those workings.

4. PROPERTY SUMMARY

Smith-Cobalt Property (Cont'd)

Holes 17-10 to 17-19 were short holes drilled under the Smith Cobalt East outcrop (see July 17, 2018 news release, 12.5% Co, 82.2 g/t Ag and 5.0 g.t Au in a 10cm wide vein). All the holes intersected quartz-calcite veining with occasional significant values. It appears that the main mineralization may be offset by a major NE-SW fault cutting across the outcrop.

Hole 17-20 was drilled at a steep angle to test the thickness of the diabase. The hole was stopped at 321.0 m, still in diabase. The variable textures and mineral content of the diabase suggests that this may be a feeder dyke for the sill. Of particular note is the very long intersection of highly anomalous nickel (0.03% Ni over 71.0 m).

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4. PROPERTY SUMMARY

Smith Cobalt - Phase 2 Drill Results										
Hole #	From	To	Length	Ag	Au	Co	Cu	Ni	Pb	Zn
SC-17-10	25.88	26.36	0.48	3.07 g/t			0.06			0.64
SC-17-11	No significant values									
SC-17-12	35.85	39	3.15	0.66 g/t						
SC-17-13	35.49	36.12	0.63	3.22 g/t						
SC-17-14	37.6	39.15	1.55	2.13 g/t						
SC-17-15	68.11	70	1.89	0.88 g/t						
SC-17-16	37	37.4	0.4	7.40 g/t						0.85%
SC-17-17	58	59	1	3.41 g/t						
SC-17-18	3.6	60	56.4	0.83 g/t						
SC-17-19	No significant values									
SC-17-20	44	46	2	4.95 g/t						
	169	240	71					0.03%		
SC-17-21	59	60	1	16.70 g/t						
	71.4	78	6.6	2.31 g/t						
	144	145	1	4.65 g/t						
	279	288	9				0.06%			
	348	350	2	3.69 g/t			0.10%		0.07%	0.14%
SC-17-22	236	300	64	1.15 g/t						
Including	276	283.33	7.33	3.27 g/t	0.13 g/t					
Including	281	282	1	9.27 g/t						
And	234	249	15							0.10%
	261	265.7	4.7							0.30%
SC-17-23	118	147	29	14.09 g/t						
Including	121	126	5	76.19 g/t						
Including	121	122	1	371.00 g/t		0.11%			1.79%	
And	133	142	9	2.19 g/t		0.10%	0.23%			
Including	136	140	4	1.16 g/t		0.20%				
SC-17-24	9	9.25	0.25		0.26 g/t					
	159	165	6	5.73 g/t			0.17%		0.29%	0.43%
SC-17-25	130.8	180	49.2	3.08 g/t						
Including	130.8	151	20.2	4.37 g/t						
Including	130.8	131	0.2	211.00 g/t	0.193 g/t					
And	163.43	163.64	0.21	90.50 g/t						
And	174.60b	178	3.4	7.63 g/t			0.18%			
Including	177	178	1	22.70 g/t	0.44 g/t	0.27%	0.52%			
	188	204	16	1.15 g/t						
	211.5	213	1.5	7.97 g/t					1.00%	
	222	247	25	1.42 g/t					0.04%	0.17%
Including	224	232	8	2.66 g/t						0.40%
	244.3	244.5	0.2	10.90 g/t					0.73%	1.27%

4. PROPERTY SUMMARY

Smith-Cobalt Property (Cont'd)

The first phase of drilling was completed during the summer of 2018. Ground and airborne geophysics, along with historical mapping data and 3D modeling, were used to delineate the targets that were tested during the program. The campaign consisted of 9 diamond drill holes for 1897 meters (6,224 ft.), focusing on the northwestern section of the property, and was carried out by G4 Drilling, based out of Val-d'Or, Quebec. The objectives of the drill program were to expand the Company's knowledge of the geological setting of the known veins that extend from the nearby Deer Horn Mine onto the Smith Cobalt property, to extend the strike length of those veins from the historic Smith Cobalt underground workings toward the southeast, and to confirm the values deduced from the muck pile sampling and make initial determinations of grade and thickness. This phase of drilling was carried out entirely on patented land.

The phase 1, 9 holes, 1,896 m drill results for were as follows:

Highlights:

- Several zones with high-grade cobalt and silver were intersected.
- Thick, highly anomalous zones of battery-related component metals (Cu, Ni, Zn) were intersected in multiple holes.
- Multiple mineralized veins were intersected in most holes.
- Confirmed and characterized vein swarms mapped from historical mine workings.
- Confirmed that the Smith Cobalt property lies in the same stratigraphic and structural setting as the nearby Deer Horn Mine, currently owned and formerly operated by Agnico Eagle.

Assay Highlights Include:

- 1.71% Co and 42.5 g/t Ag over 0.10 m in hole 17-03.
- 1.85 g/t Ag over 56.0 m in hole 17-03
- 1.39 g/t Ag over 72.5 m in hole 17-04
- 0.22% Cu over 14.0 m in hole 17-04
- 0.13% Zn over 33.0 m in hole 17-04
- 0.11% Ni over 30.66 m in hole 17-06
- 0.17% Pb over 17.49 m in hole 17-04

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4. PROPERTY SUMMARY

Smith-Cobalt Property (Cont'd)

Smith Cobalt - Phase 1 Drill Results						
Hole #	From	To	Length	Grade	Element	Rock Type
17-01	122.7	123.2	0.5	0.12%	Co	Cong + vein stockwork
	245.00	247.00	2.00	2.09 g/t	Ag	Mafic volc
	244.00	249.00	5.00	0.128 g/t	Au	Mafic volc
	240.00	245.00	5.00	0.10%	Cu	Mafic volc
	228.87	249.00	20.13	0.10%	Ni	Mafic volc + stockwork
	226.36	234.85	8.49	0.12%	Ni	Mafic volc
17-02	NSV					
17-03	113.00	115.15	2.15	0.07%	Co	Qtz-calc vein in cong
	182.00	182.10	0.10	1.71%	Co	Qtz-calc vein
	185.25	185.36	0.11	0.23%	Co	Qtz-calc vein
	148.00	204.00	56.00	1.85 g/t	Ag	Bedded tuff/dacite/chert
Including	182.00	182.10	0.10	42.5 g/t	Ag	Qtz-calc vein
	184.39	184.49	0.10	15.6 g/t	Ag	Qtz-calc vein
	186.25	186.35	0.10	38.2 g/t	Ag	Qtz-calc vein
	190.43	190.53	0.10	16.0 g/t	Ag	Qtz-calc vein
	148.00	166.00	18.00	0.09%	Zn	Bedded tuff/dacite/chert
	169.00	181.60	12.60	0.10%	Zn	Bedded tuff/dacite/chert
	189.00	200.00	11.00	0.08%	Zn	Bedded tuff/dacite/chert
17-04	138.25	139.00	0.75	0.13%	Co	Chert bed
	144.78	147.00	2.22	0.03%	Co	Lamprophyre dyke
	193.76	195.70	1.94	0.10%	Co	Qtz-calc stockwork
	194.34	194.63	0.29	0.57%	Co	Qtz-calc vein
	117.00	189.50	72.50	1.39 g/t	Ag	Bedded tuff/dacite
	134.00	152.00	18.00	2.70 g/t	Ag	Bedded tuff/dacite
Including	138.25	147.66	9.41	3.58 g/t	Ag	Bedded tuff/dacite
	192.00	199.44	7.44	2.52 g/t	Ag	Qtz-calc stockwork
Including	193.76	194.34	0.58	13.0 g/t	Ag	Qtz-calc vein
	210.83	216.00	5.17	1.01 g/t	Ag	Tuff + qtz-calc stockwork
	136.00	150.00	14.00	0.22%	Cu	Bedded tuff/dacite
	120.00	136.00	16.00	0.25%	Zn	Bedded tuff/dacite
	147.00	180.00	33.00	0.13%	Zn	Bedded tuff/dacite
Including	119.00	136.49	17.49	0.17%	Pb	Bedded tuff/dacite
	144.78	150.85	6.07	0.25%	Pb	Bedded tuff/dacite
17-05	118.00	120.00	2.00	0.10%	Cu	Conglomerate
17-06	114.72	116.37	1.65	0.05%	Co	Cong + qtz-calc stockwork
	180.00	187.66	7.66	1.21 g/t	Ag	Mafic-um volc
	197.10	200.00	2.90	3.16 g/t	Ag	Conglomerate
	157.00	187.66	30.66	0.11%	Ni	Dacite tuff
17-07	106.20	106.40	0.20	1.74 g/t	Ag	Cong + chlorite spots
	119.00	125.00	6.00	0.07%	Cu	Cong + chlorite spots
17-08	146.00	147.10	1.10	1.92 g/t	Ag	Mafic-um volc
	163.00	164.00	1.00	6.10 g/t	Ag	Dacite tuff/chert
	174.00	175.85	1.85	2.98 g/t	Ag	Dacite tuff/chert
	197.00	199.00	2.00	1.05 g/t	Ag	Dacite tuff/chert
	138.66	147.10	8.44	0.10%	Ni	Mafic-um volc
17-09	145.00	145.30	0.30	0.05%	Co	Dacite tuff
			and	13.7 g/t	Ag	
			and	>1.0%	Cu	

4. PROPERTY SUMMARY

Smith-Cobalt Property (Cont'd)

The Company submitted an Exploration Plan and Permit for portions of our Crown Lands. The plan has been accepted by the Ministry of Northern Development and Mines, with the permit expected to be received in the near term. This will allow outcrop stripping and sampling, as well as line cutting, ground geophysics and drilling.

The Phase 2 drill program concluded on November 15, 2018, with 16 holes drilled for a total of 2,306 m (7,556 ft.). Assay results will be reported when received, accepted and reviewed by the Company.

On December 8, 2018, the Company agreed to purchase all the issued and outstanding common shares of Canadian Cobalt Projects Inc., which is the registered holder of 33 mineral claims located in the South Lorrain Township, Ontario. Pursuant to the acquisition, the Company issued one common share for each of the outstanding common shares of Canadian Cobalt Projects Inc. resulting in the issuance of 2,995,000 common shares of the Company. The operations and changes in cash flow of Canadian Cobalt Projects Inc., have been included from the date control was acquired (i.e. December 8, 2018). As Canadian Cobalt Projects Inc., did not meet the definition of a business per IFRS 3, the acquisition has been accounted for as an asset acquisition, whereby the Company is considered to issue shares in return for the net assets of Canadian Cobalt Projects Inc., at their fair value with the entire consideration of \$6,589,000 being allocated to the mineral claims held by Canadian Cobalt Projects Inc.

Highlights of the acquisition are as follows:

The acquisition is comprised of approximately 7,500 ha of strategically located mining claims in the Silver Center area of the Cobalt Camp, Ontario. With the addition of this land package, the Company becomes one of the largest landowners in the prolific Cobalt and Silver Center camps, holding over 8,700 ha.

There are several known cobalt occurrences found on the land package - all reported in the Ontario Mineral Deposit Inventory files.

Labine-McMahon showing - samples collected from a quartz-carbonate vein adjacent to an aplite dike contain cobaltite, arsenopyrite and bismuthinite. An assessment of the heavy material after a partial separation from the gangue returned: 32.54% As, 4.85% Fe, 21.09% Co, 1.18% Ni, 6.26% Bi and 0.09% Zn. A sample of wall rock adjacent to a ¾" wide quartz carbonate vein assayed 1.10% Co and 0.21% Ni. The sample was collected in 1956 and assayed by the Cobalt Resident Geologist.

Friday Creek showing - government reports show "a 20cm quartz-calcite veins with 17 g/t Ag, in Nipissing diabase."

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5. SELECTED ANNUAL RESULTS

	Year Ended 31-Jan-21	Year Ended 31-Jan-20	Year Ended 31-Jan-19
Loss before non-operating income	\$ (145,864)	\$ (1,117,145)	\$ (7,753,458)
Loss before income taxes	\$ (145,864)	\$ (1,117,145)	\$ (7,753,458)
Loss per common share, basic and diluted	\$ (0.01)	\$ (0.07)	\$ (0.52)
Net and comprehensive loss	\$ (113,864)	\$ (991,964)	\$ (7,728,939)
Net and comprehensive loss per common share, basic and diluted	\$ (0.01)	\$ (0.06)	\$ (1.52)
Weighted average number of shares outstanding	15,860,562	15,860,562	14,771,007
<u>Financial Position</u>			
Total assets	\$ 189,536	\$ 360,543	\$ 1,496,964

6. SUMMARY OF QUARTERLY RESULTS

Three months ended	31-Jan-21	31-Oct-20	31-Jul-20	30-Apr-20
Loss before non-operating expenses	\$ (54,638)	\$ (35,906)	\$ (38,514)	\$ (16,806)
Loss before income taxes	\$ (54,638)	\$ (35,906)	\$ (38,514)	\$ (16,806)
Loss per common share, basic and diluted	\$ (0.003)	\$ (0.002)	\$ (0.002)	\$ (0.001)
Net and comprehensive loss	\$ (22,638)	\$ (35,906)	\$ (38,514)	\$ (16,806)
Net and Comprehensive Loss per Common Share, Basic and Diluted	\$ (0.001)	\$ (0.002)	\$ (0.002)	\$ (0.001)

Three months ended	31-Jan-20	31-Oct-19	31-Jul-19	30-Apr-19
Loss before non-operating expenses	\$ (526,992)	\$ (176,479)	\$ (235,521)	
Loss before income taxes	\$ (526,992)	\$ (176,479)	\$ (235,521)	\$ (178,153)
Loss per common share, basic and diluted	\$ (0.03)	\$ 0.01	\$ (0.01)	\$ (0.01)
Net and comprehensive loss	\$ (406,992)	\$ (176,479)	\$ (232,956)	\$ (175,537)
Net and Comprehensive Loss per Common Share, Basic and Diluted	\$ (0.03)	\$ (0.01)	\$ (0.01)	\$ (0.01)

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7. DISCUSSION OF OPERATIONS

All of the information described below is accounted for in accordance with IFRS, as issued by IASB. The reader is encouraged to refer to Note 3 of the Company's annual financial statements for the year ended January 31, 2021 for the summary of significant accounting policies.

Year Ended January 31, 2021 Compared to January 31, 2020

For the year ended January 31, 2021, the Company recorded a net and comprehensive loss of \$113,864 or (\$0.01) per share compared to a net and comprehensive loss of \$991,964 or (\$0.06) per share in the comparable twelve months ended January 31, 2020. The overall decrease in net and comprehensive loss of \$878,100 is primarily attributable to a decrease in exploration and evaluation expenditures, recovery of bad debt and lower management fees.

	Year ended Jan 31, 2021	Year ended Jan 31, 2020	Variance	Discussion
Consulting and management fees	133,465	196,168	(62,703)	Consulting & management fees decreased slightly compared to the prior comparative period as the Company assesses exploration strategies.
Depreciation	2,833	3,761	(929)	Depreciation expenses decreased slightly as a result of the lack of capital assets purchased during the year.
Exploration and evaluation expenditures	(69,032)	1,819	(70,851)	Reversal of accrued exploration and evaluation costs, expensed due to a change in accounting policy by the Company in fiscal year 2019.
Insurance	5,573	24,608	(19,035)	Insurance expense has decreased due to decreased policy coverages as a result of decrease exploration activities
Office	4,878	48,320	(43,442)	Office expenses have decreased due to reduced activity during the year.
Professional fees	77,354	127,615	(50,261)	Professional fees decreased compared to the comparative period due to reduced activity in this year.
Promotion and entertainment	424	2,184	(1,760)	Promotion and entertainment decreased due to efforts to maintain costs at a minimum.
Provision/(recovery) of bad debt	(56,424)	619,433	(675,857)	The Company assigned debts to arms lengths parites during the year.
Rent	28,780	41,172	(12,392)	Rent expense has decreased over last year due to efforts to maintain costs at a minimum.
Shareholder communications	295	24,483	(24,188)	Shareholder communications decreased due reduced activity in this year.
Transfer agent and regulatory fees	17,716	27,462	(9,746)	Transfer agent and regulatory fees decreased due to reduced activity.
Travel	-	120	(120)	There was no travel during the year due to Covid restrictions.
Foreign exchange (gain)/loss	-	137	(137)	The Company did not undertake in foreign-based transactions during the year
Flow through income	-	(100,000)	100,000	Flow through income was generated due to the Company incurring eligible expenses in the prior period.
Interest income	-	(5,318)	5,318	Interest income decreased as the Company did not hold any interest bearing items.
Exploration arrangement fee	(32,000)	(20,000)	(12,000)	The Company received \$32,000 relating to the RJK Explorations options agreements

8. LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As an exploration company, the Company has no regular cash in-flow from operations, and the level of activities is principally a function of availability of capital resources. To date, the principal source of funding has been equity financing.

As at January 31, 2021, the Company had \$20,679 in cash and cash equivalents (January 31, 2020 - \$317,410). For the foreseeable future, as existing properties are explored and developed, the Company will continue to seek capital through the issuance of equity, strategic alliances or joint ventures, and debt, of which the Company currently has none.

Significant expenditures are required to establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The recoverability of valuations assigned to exploration and development mineral properties are dependent upon discovery of economically recoverable reserves, the ability to obtain the necessary financing to complete exploration, development and future profitable production or proceeds from the disposition of mineral assets.

Although management has made its best estimate of these factors, it is reasonably possible that certain events could adversely affect management's estimates of recoverable amounts and the need for, as well as the amount of, provision for impairment in the carrying value of exploration properties and related assets.

Many factors influence the Company's ability to raise funds, and there is no assurance that the Company will be successful in obtaining adequate financing and at favourable terms for these or other purposes including general working capital purposes. The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business for the foreseeable future. Realization values may be substantially different from carrying values, as shown, and these financial statements do not give effect to the adjustment that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

Working Capital

As at January 31, 2021, the Company had working capital of \$23,255 (January 31, 2020 - \$134,256). The working capital has declined since January 31, 2020 due to no new private placements or warrants exercised during the period, along with the operational costs incurred while pursuing potential projects. The Company has managed its working capital by controlling its spending on its properties and operations. Due to the ongoing planned exploration acquisitions over the near term, the Company intends to continue to incur expenditures without revenues and accumulate operating losses. Therefore, our continuance as a going concern is dependent upon our ability to obtain adequate financing to fund future exploration and development, to reach profitable levels of operation. It is not possible to predict whether future financing efforts will be successful or whether financing on favourable terms will be available.

The Company has no long-term debt and no long-term liabilities. The Company has no capital lease obligations, operating or any other long-term obligations, other than office rent.

8. LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

The Company had \$20,679 on January 31, 2021, in cash.

Contractual Commitments

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to continue to make in the future, filings and expenditures to comply with such laws and regulations.

The Company entered into a premises lease agreement on September 1, 2020 on a month-to-month basis. Lease payments are \$5,000 per month. Under the lease agreement, either the company or the lessor can terminate the lease by giving one month notice to each other.

Capital Risk Management

The Company's capital structure consists of common shares, stock options and warrants. The Company manages its capital structure and adjusts it, based on available funds, to support the acquisition and exploration of mineral properties. The Board does not establish quantitative returns on capital criteria for management.

The mineral properties in which the Company currently has an interest in is in the exploration stage. As such, the Company is dependent on external financing to fund its activities. To carry out and pay for planned exploration and development along with operating administrative costs, the Company will fund such costs out of existing working capital and additional amounts raised.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended January 31, 2021. The Company is not subject to externally imposed capital requirements. The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments with maturities of year or less from the original date of acquisition, all held with major Canadian financial institutions.

9. TRANSACTIONS WITH RELATED PARTIES

Related parties include key management personnel and companies under the control of key management personnel. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Board and corporate officers, including the Company's Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer.

At January 31, 2021, included in accounts payable and accrued liabilities is \$34,649 (January 31, 2020 – \$6,125) owing to companies controlled by either a director or an officer. These amounts payable are non-interest bearing, unsecured and have neither specific terms nor a date of repayment.

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9. TRANSACTIONS WITH RELATED PARTIES

For the year ended January 31, 2021, \$Nil (January 31, 2020 - \$22,866) was paid in rent to a company controlled by an officer of the Company.

For the year ended January 31, 2021, \$Nil (January 31, 2020 - \$16,532) was expensed towards the Smith Cobalt project for services rendered by companies controlled by directors.

During the year ended January 31, 2021 and 2020, key management compensation consisted of the following:

For the years ended	January 31, 2021	January 31, 2020
Consulting and Management fees	\$ 100,800	\$ 67,051
	\$ 100,800	\$ 67,051

In addition to the amounts disclosed above, the Company has also made loans to third-party corporations that at the time shared common key management personal. During the year ended January 31, 2021 the Company made loans consisting of the following:

For the years ended	January 31, 2021	January 31, 2020
Gold Rush Cariboo Corp.	\$ 49,665	\$ 277,990
SBD Capital Corp.	33,937	254,246
Pedro Resource Ltd.	13,936	87,197
	\$ 97,438	\$ 619,433

These loans are non-interest bearing and have no fixed terms of repayment. As at the date of this MD&A, the Company assigned \$615,838 of receivables to arm's length parties for a total cash consideration of \$153,962

10. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Board, through the Audit Committee, is responsible for identifying the principal risks facing the Company and ensuring that risk management systems are implemented. The Company manages its exposure to financial risks, including credit risk, liquidity risk, interest rate risk, foreign exchange rate risk and commodity price risk in accordance with its risk management framework. The Board reviews the Company's policies periodically.

The following table sets forth the Company's financial assets and liabilities that are measured at fair value on a recurring basis by level within the fair value hierarchy. As at January 31, 2021, those financial assets and liabilities are classified in their entirety based on the level of input that is significant to the fair value measurement.

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10. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company's financial assets and financial liabilities are categorized as follows:

	Input Level	As at January 31, 2021		As at January 31, 2020	
		Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair Value
<i>Financial Assets:</i>					
Cash	1	\$ 20,679	\$ 20,679	\$ 317,410	\$ 317,410
Related party loans	1	\$ 153,962	\$ 153,962	\$ -	\$ -
		\$ 174,641	\$ 174,641	\$ 317,410	\$ 317,410

	Input Level	As at January 31, 2021		As at January 31, 2020	
		Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair Value
<i>Financial Liabilities:</i>					
Current Liabilities	1	\$ 157,019	\$ 157,019	\$ 214,162	\$ 214,162
		\$ 157,019	\$ 157,019	\$ 214,162	\$ 214,162

Fair values

For the Company's financial instruments, including receivables, accounts payable and accrued liabilities, the carrying amounts approximate fair value due to their immediate or short-term maturity.

Currency risk

The Company currently does not have any significant exposure to foreign currency risk.

Credit risk

Credit risk arises from cash held with banks and financial institutions, and the risk that the counterparty of related party receivables will default on its contractual obligations resulting in a financial loss to the Company. The maximum exposure to credit risk is equal to the carrying value of the financial assets. To reduce credit risk, cash is held at major financial institutions.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company tries to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Currently, the Company's source of funding is from the issuance of equity securities for cash, primarily through private placements. As at January 31, 2021, the Company had cash of \$20,679 (January 31, 2020 - \$317,410) and accounts payable and accrued liabilities of \$157,018 (January 31, 2020 - \$214,162).

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11. RISKS AND UNCERTAINTIES

A discussion of the risks and uncertainties that the Company faces can be found in the Company's annual financial statements for the year ended January 31, 2021 (available under the Company's SEDAR profile at www.sedar.com). Furthermore, additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations in the future.

12. DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

a) Authorized

An unlimited number of common shares without par value.

b) Issued and Outstanding

As at January 31, 2021 and 2020, the Company had 15,860,562 common shares issued and outstanding.

On the date of this MD&A, the Company has 28,760,558 common shares issued and outstanding.

c) Warrants

As at January 31, 2021, the Company had no outstanding share purchase warrants. A summary of the changes in the share purchase warrants for the year ended January 31, 2021, compared to the year ended January 31, 2020, are as follows:

	Number	Weighted Average Exercise Price
Balance at January 31, 2019	1,112,752	\$2.90
Expired	(946,952)	\$2.83
Balance at January 31, 2020	165,800	\$3.32
Expired	(165,800)	\$3.32
Balance at January 31, 2021	-	-
Exercisable at January 31, 2021	-	-

d) Stock Options

The Company has a fixed stock option plan which follows the policies of the TSX Venture Exchange ("TSX-V") regarding stock option awards granted to directors, officers, employees and consultants.

Pursuant to the Company stock option plan, there is an allowance of up to a maximum of 10% of the outstanding shares to be reserved to be issued.

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12. DISCLOSURE OF OUTSTANDING SHARE DATA

Stock options for the years ended January 31, 2021 and 2020 are as follows:

	Number	Weighted Average Exercise Price
Balance at January 31, 2019	1,072,500	\$1.85
Balance at January 31, 2020	1,072,500	\$1.85
Expired	(1,072,500)	\$1.85
Balance at January 31, 2021	-	-

On April 13, 2021 (the "Grant Date"), the Company has granted stock options (collectively, the "Options") to management and consultants to purchase of up to 1,500,000 common shares of the Company (each, a "Share"), pursuant to the Company's Stock Option Plan. The Options are exercisable at an exercise price of \$0.10 per Share and is valid for a period of five years from the Grant Date. Options vest: (i) 25% shall vest on the date that is six months from the Grant Date; (ii) 25% shall vest on the first anniversary of the Grant Date; (iii) 25% shall vest on the date that is eighteen months from the Grant Date; and (iv) 25% shall vest on the second anniversary of the Grant Date

13. OFF-BALANCE SHEET ARRANGEMENTS

During the twelve months ended January 31, 2021, the Company was not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources of the Company.

14. CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are as follows:

(i) Share-based compensation expense:

The Company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate share-based compensation expense. The Black-Scholes model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price at the date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based compensation expense.

14. CRITICAL ACCOUNTING ESTIMATES

(ii) Valuation of broker warrants:

The Company uses the Black-Scholes option pricing model to calculate the fair value of broker warrants issued in connection with the Company's private placements. The Black-Scholes model requires six key inputs to determine a value for a broker warrant: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the broker warrant or a higher volatility number used would result in an increase in the broker warrant fair value.

(iii) Collectability of related party receivables:

Management makes an assessment of whether the related party receivables are collectable for each recipient based on payment history and financial condition of the counterparty. These estimates are continuously evaluated and updated.

The significant areas of judgment considered by management in preparing the consolidated financial statements are as follows:

(i) Going concern:

The Company's management has made an assessment of the Company's ability to continue as a going concern and the consolidated financial statements continue to be prepared on a going concern basis. The Company has no sources of revenue and remains dependent on its ability to obtain financing which may cast significant doubt upon the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

(ii) Deferred tax assets:

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies.

15. APPROVAL

The Audit Committee of Power Group Projects Corp. has reviewed and approved the disclosure contained in this January 31, 2021 MD&A. Further information about the Company is available under our SEDAR profile at www.sedar.com.