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**POWER GROUP PROJECTS CORP.**

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

**For the years ended  
January 31, 2022 and 2021**

**(Expressed in Canadian Dollars)**

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**POWER GROUP PROJECTS CORP.**

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For year ended January 31, 2022 and 2021

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# POWER GROUP PROJECTS CORP.

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For year ended January 31, 2022 and 2021

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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, 2022. The following information should be read in conjunction with the accompanying annual financial statements for the year ended January 31, 2022, 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 16 of this MD&A, which compare certain financial results for the years ended January 31, 2022, and 2021. Financial information contained herein is expressed in Canadian dollars unless stated otherwise. All information in this MD&A is current as of May 27, 2022, unless stated otherwise. This MD&A is intended to supplement and complement the Company's financial statements for the year ended January 31, 2022, 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 27, 2022.

### 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 & Registered Office  
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Share Information  
Common shares are listed for  
trading on the TSXV 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](http://www.sedar.com)

Transfer Agent  
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Vancouver, BC V6C 3B9

### Contact Information

Investors: Aleem Nathwani, CEO

## **1. INTRODUCTION**

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

<b>Directors</b>	<b>Officers and Position</b>
Aleem Nathwani (Chairman)	Aleem Nathwani, Chief Executive Officer
David Kwok	David Kwok, Chief Financial Officer
Scott Hayduk	

## **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 \$32,000 cash per year for three years for a total of \$96,000 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.

- 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.
- On June 21, 2021, the Company granted an additional 200,000 options to a consultant with the same vesting and expiry terms as the aforementioned April 13, 2021 grant
- On June 21, 2021, the Company closed a non-brokered private placement through the issuance of 19,999,998 units ("Unit") at a price of \$0.06 per Unit for aggregate gross proceeds of \$1,200,000 (the "Placement"). Each Unit is 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 Placement. All securities issued pursuant to the Placement 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 Company paid a finder's fee commission of \$32,940 and issued 549,000 broker warrants. Net proceeds of the Placement will be used for general working capital purposes.
- On August 10, 2021, the Company has started fieldwork on its Muddy Gullies platinum group elements property in Central Newfoundland. The first phase of exploration will include an airborne magnetometer, Lidar (light detection and ranging) and orthophotography surveys, line cutting and gridded prospecting, mapping, and sampling. The property is highly prospective for the discovery of significant platinum group elements (PGE) hosted by a pyroxenite unit of the Gander River complex. The line-cutting program is completed and will serve as a control grid for the prospecting on the main PGE target zone. The airborne surveys will cover the central three licences on the property and have been contracted out to RPM Aerial Inc. of Holyrood, Nfld. All the necessary permits are in place for this phase of the field program. Depending on initial results, this work will be followed by a fall-winter exploration drill program comprising approximately 1,000 metres.

### **3. HIGHLIGHTS AND SUBSEQUENT EVENTS continued**

- On December 8, 2021, the Company has entered into an arm's-length share purchase agreement, with 1315843 B.C. Ltd. (BCCo) and the shareholders of BCCo to acquire all of the issued and outstanding common shares in the capital of BCCo. BCCo is a private company incorporated under the laws of the Province of British Columbia, whose sole asset is an option agreement dated Aug. 9, 2021, with Cloudbreak Discovery PLC and Cloudbreak Discovery (Canada) Ltd., whereby BCCo has the option to earn a 100% interest in certain mineral claims in the province of British Columbia (the Atlin West project).

The Company is planning an initial field programme for the summer of 2022.

- On April 25, 2022, the Company has entered into an arm's-length non-binding letter of intent, with 1311516 B.C. Ltd. (the "Numbered Co"), to acquire all of the issued and outstanding common shares in the capital of Numbered Co. Numbered Co is a private company incorporated under the laws of the Province of British Columbia, whose sole assets are option agreements dated Feb. 25, 2022, and March 3, 2022, with Cloudbreak Discovery PLC and Cloudbreak Discovery (Canada) Ltd., whereby Numbered Co has the option to acquire a 75-per-cent interest in certain mineral claims in the province of British Columbia (the Rizz project and the Icefall project). As consideration for the transaction, the company will: (i) issue an aggregate of 46.2 million common shares in the capital of the company, at a price of three cents per common share, to the shareholders of Numbered Co. Upon closing of the proposed transaction, Numbered Co would become a wholly-owned subsidiary of the company, and the company would assume all obligations owing in connection with the Rizz project and the Icefall project. This transaction is subject to regulatory approvals and customary closing conditions.
- On April 20, 2022, the Company entered into a non-binding letter of Intent ("LOI") with Canada Silver Cobalt Works. ("CCW") which contemplates a transaction whereby the Company would sell its interest in specific Cobalt area properties (the "PGP Properties"), located in Coleman, Bucke and Lorrain Townships in the Larder Lake Mining Division of Ontario to the Company. The LOI is subject to a 90-day exclusivity and due diligence period. Under the terms of the LOI, the Company and CCW would enter into a formal agreement whereby the CCW would purchase a 100% interest, subject to a 2% NSR in specific PGP Properties and the data related to the Property subject to a payment of \$75,000 cash and the issuance of 300,000 shares of CCW to the Company upon closing the transaction. This transaction is subject to regulatory approvals and customary closing conditions.
- May 24, 2022, the Company is pleased to announce the appointment of Mr. Scott Hayduk to the board of directors of the Company. Mr. Hayduk is a Corporate Finance Professional with over 20 years of Investment Banking and Corporate Advisory experience. Mr. Hayduk has spent most of his career specializing in the Americas, MENA, Europe and Asia / Asia Pacific Oil & Gas Producers, Energy Infrastructure, Oil Gas Services and Oil & Gas Technology Special Situations. He started his career with BMO Nesbitt Burns and spent most of his career with employee-owned and highly successful Canadian boutique Investment Bank, Orion Securities, through its purchase by Macquarie Bank as a Director. Mr. Hayduk has worked on several billion dollars of Equity, Debt and M&A transactions, respectively. Mr. Hayduk has served as both Director and Officer of numerous Public and Private companies.

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For year ended January 31, 2022 and 2021

## 4. PROPERTY SUMMARY

	For the twelve months ended January 31, 2022				For the twelve months ended January 31, 2021			
	Atlin West	Muddy Gullies	Smith Cobalt	TOTAL	Atlin West	Muddy Gullies	Smith Cobalt	TOTAL
Exploration field work	\$ -	\$ 73,003	\$ -	\$ 73,003	\$ -	\$ -	\$ -	\$ -
Acquisition mineral property	\$ 840,000	\$ 903,000	\$ -	\$ 1,743,000	\$ -	\$ -	\$ -	\$ -
Geological consulting	\$ -	\$ 37,943	\$ 605	\$ 38,548	\$ -	\$ -	\$ 906	\$ 906
Permits and licenses	\$ -	\$ 1,012	\$ -	\$ 1,012	\$ -	\$ -	\$ -	\$ -
Property option payments	\$ 50,000	\$ 69,992	\$ -	\$ 119,992	\$ -	\$ -	\$ -	\$ -
Property tax	\$ -	\$ -	\$ 2,878	\$ 2,877.59	\$ -	\$ -	\$ 6,154	\$ 6,154
Option payments received	\$ -	\$ -	\$ (15,000)	\$ (15,000)	\$ -	\$ -	\$ (32,000)	\$ (32,000)
Exploration recovery	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,092)	\$ (76,092)
<b>Totals</b>	<b>\$ 890,000</b>	<b>\$ 1,084,950</b>	<b>\$ (11,517)</b>	<b>\$ 1,963,433</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (101,032)</b>	<b>\$ (101,032)</b>

### Muddy Gullies Property

The Muddy Gullies Property is located 28 kilometers northeast of the town of Gander, NL. Route 330 affords easy access to the property as does Muddy Gullies access road which runs east from route 330. The Property comprises 83 claim units (3 licences) covering approximately 23.25 km<sup>2</sup>. The Property is host to several historical platinum, palladium, copper and gold showings, as indicated by the Mineral Occurrence Database System, Department of Natural Resources, Newfoundland & Labrador. The Property is underlain by a portion of the Gander River Ultramafic Belt (GRUB LINE) which consists of pyroxenite and lesser serpentinite, magnesite, amphibolite, hornblendite, and gabbro. The mafic and ultramafic rocks of the GRUB LINE are considered to be an ophiolitic suite of volcanic and plutonic rocks which have tectonically emplaced over the Gander Groups.

### Local and Regional Geology

The Muddy Gullies Property straddles the tectonic boundary between the Dunnage Zone to the northwest and the Gander Zone to the southeast. The Davidsville Group sediments represent rocks of the Dunnage Zone on the Muddy Gullies Property and consist of pebble conglomerate, sandstone, shale and siltstone. Areas to the west of the Gander River are predominantly underlain by rocks of the Davidsville Group. The Gander Zone is represented by rocks of the Gander River Ultramafic Belt (GRUB), which include tonalite, intermediate to mafic volcanics, gabbro, serpentinite, pyroxenite and talc-magnesite altered ultramafics. Alternating sequences of the two contrasting rock groups outcrop across the property on the east side of Gander River and is interpreted to be shallow westward dipping thrust slices.

Previous exploration work on the property, in 2000-2002, reported combined values for platinum and palladium of up to 2400 ppb (J.P. Bouzane Associates Lt. 2000, 2001, 2002). In 2013 an airborne mag-EM survey was completed, along with mapping, prospecting, and limited drilling. More recent (2016) sampling by the property vendors confirmed platinum-group element mineralization and also outlined additional areas of anomalous PGE mineralization on the Property.

31 samples were taken by the Vendors in the central portion of the property, where the PGE mineralization appears to be controlled by a non-magnetic coarse-grained pyroxenite unit. Assays ranged from 47 to 1707 ppb combined Pt+Pd+Au. Palladium averages 36% higher than platinum.

#### **4. PROPERTY SUMMARY**

##### **Atlin West Property**

On December 8, 2021, the Company acquired 1315843 B.C. Ltd. ("BCCo") a privately-held exploration company in British Columbia, Canada, whose sole asset is an option agreement dated August 9, 2021, with Cloudbreak Discovery PLC and Cloudbreak Discovery (Canada) Ltd., whereby BCCo has the option to earn a 100% interest in certain mineral claims in the Province of British Columbia the Atlin West project (the "Property").

As consideration for the transaction, the Company: (i) issued an aggregate of 24 million common shares in the capital of the company, at a price of \$0.035 per common share to the vendors; and (ii) a cash payment in the amount of \$50,000 to BCCo or as BCCo may direct, upon closing of the transaction (paid).

The Atlin West project is underlain by undivided sedimentary and volcanic rocks of the Cache Creek complex, which have been subsequently intruded by late Cretaceous felsic volcanic and intrusive rocks. The area is bounded by the Nahlin fault and crosscut by east-west- and northwest-trending faults. These structures are known to be associated with base and precious metals in the region, specifically at the Engineer or Yellowjacket mines. Mineralization on the property includes the Dundee/Table Mountain showing (B.C. Minfile 104N 003), which is composed of northeast-trending veins with galena and chalcopyrite, assaying up to 2.58 ounces per ton of silver, 26 percent lead and 13.9 percent copper in 1967. Limited work has been reported on the property, and additional exposures are unexplored as a glacial recession has progressed in the past several decades since this work was last conducted. Additional exploration targets and potential styles of mineralization on the property can be inferred from known mineralization in the regional analogs, which are in close proximity to the property. Note that mineralization hosted on adjacent and nearby properties is not necessarily indicative of mineralization hosted on the company's properties.

The Engineer mine (B.C. Minfile 104M 014) was in production in the 1920s and 1930s, and produced in excess of 18,000 ounces of gold and 9,000 ounces of silver. Production was at realized grades exceeding 39 grams per ton of gold and 20 grams per ton of silver. A mineral resource estimate published in 2018 stated the Engineer mine contains an inferred resource of 41,000 tons grading 19.0 grams per ton of gold, using a five-gram-per-ton cut-off grade, which equated to 25,000 ounces of gold (O'Brien et al., National Instrument 43-101 report, Engineer gold mine, Jan. 18, 2018, for Engineer Gold Mines Ltd.).

At the Yellowjacket Mine, a historical estimate was calculated in 2011 stating 133,000 tons at 5.8 grams per ton of gold, totalling 24,000 ounces of gold at a 1.5-gram-per-ton-of-gold cut-off (B.J. Price and C. Downie, 2011; technical report on the Yellowjacket gold project; NI 43-101 report). This estimate was considered an inferred resource as per CIM (Canadian Institute of Mining, Metallurgy and Petroleum) definitions at the time, but a qualified person has not done sufficient work to classify the historical estimate as a current mineral resource. The issuer is not treating the historical estimate as a current mineral resource or reserve.

The Imperial vein showing (B.C. Minfile 082ESE113) is a quartz vein system that underwent limited and intermittent production during the early 1900s through to 1949 and is documented to have produced 973 tons grading 378 grams per ton silver, 2.73 grams per ton gold, 15.7 kilograms per ton zinc, 12.0 kilograms per ton lead and 0.16 kilogram per ton copper.

#### **4. PROPERTY SUMMARY**

##### **Atlin West Property (Continued)**

Under the terms of the option agreement, BCCo may exercise the option to acquire a 100% interest in the Property upon payment of an aggregate of \$325,000 in cash payments, issuing 8,000,000 common shares of the Company (option shares) and incurring an aggregate of \$700,000 in expenditures on the Property as follows:

##### Option Payments

- A \$50,000 option payment on the effective date (paid)
- A \$50,000 option payment on the date which BCCo enters into a binding agreement with a third party in connection with a transaction that will result in shareholders of BCCo holding shares in a reporting issuer as defined under Canadian securities laws that is listed on a recognized Canadian stock exchange (paid)
- A \$75,000 option payment on or before the second anniversary of the effective date
- A \$150,000 option payment on or before the third anniversary of the effective date

##### Expenditures

- Incurring \$150,000 in expenditures on or before the first anniversary of the effective date
- Incurring an additional \$200,000 in expenditures or before the second anniversary of the effective date
- Incurring an additional \$350,000 in expenditures or before the third anniversary of the effective date

##### Option Shares

- 3,000,000 Option Shares on the signing of a go public agreement (issued)
- 2,500,000 Option Shares on the second anniversary of the Effective Date
- 2,500,000 Option Shares on the third anniversary of the Effective Date

## **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.

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 Property (Cont'd)**

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	<b>121</b>	<b>122</b>	<b>1</b>	<b>371.00 g/t</b>		<b>0.11%</b>			<b>1.79%</b>	
And	<b>133</b>	<b>142</b>	<b>9</b>	<b>2.19 g/t</b>		<b>0.10%</b>	<b>0.23%</b>			
Including	<b>136</b>	<b>140</b>	<b>4</b>	<b>1.16 g/t</b>		<b>0.20%</b>				
SC-17-24	9	9.25	0.25		0.26 g/t					
	<b>159</b>	<b>165</b>	<b>6</b>	<b>5.73 g/t</b>			<b>0.17%</b>		<b>0.29%</b>	<b>0.43%</b>
SC-17-25	<b>130.8</b>	<b>180</b>	<b>49.2</b>	<b>3.08 g/t</b>						
Including	130.8	151	20.2	4.37 g/t						
Including	<b>130.8</b>	<b>131</b>	<b>0.2</b>	<b>211.00 g/t</b>	<b>0.193 g/t</b>					
And	163.43	163.64	0.21	90.50 g/t						
And	174.60b	178	3.4	7.63 g/t			0.18%			
Including	<b>177</b>	<b>178</b>	<b>1</b>	<b>22.70 g/t</b>	<b>0.44 g/t</b>	<b>0.27%</b>	<b>0.52%</b>			
	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 <b>31-Jan-22</b>	Year Ended <b>31-Jan-21</b>	Year Ended <b>31-Jan-20</b>
Loss before non-operating income	\$ (2,390,350)	\$ (145,864)	\$ (1,117,145)
Loss before income taxes	\$ (2,390,350)	\$ (145,864)	\$ (1,117,145)
Loss per common share, basic and diluted	\$ (0.06)	\$ (0.01)	\$ (0.07)
Net and comprehensive loss	\$ (2,375,420)	\$ (113,864)	\$ (991,964)
Net and comprehensive loss per common share, basic and diluted	\$ (0.06)	\$ (0.01)	\$ (0.06)
Weighted average number of shares outstanding	42,396,447	15,860,562	15,860,562

Financial Position

6. Total assets	\$ 722,458	\$ 189,536	\$ 360,543
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**7. SUMMARY OF QUARTERLY RESULTS**

<b>Three months ended</b>	<b>31-Jan-22</b>	<b>31-Oct-21</b>	<b>31-Jul-21</b>	<b>30-Apr-21</b>
Loss before non-operating expenses	\$ (1,291,515)	\$ (225,495)	\$ (117,441)	\$ (755,900)
Loss before income taxes	\$ (1,291,515)	\$ (225,495)	\$ (117,441)	\$ (755,900)
Loss per common share, basic and diluted	\$ (0.030)	\$ (0.005)	\$ (0.003)	\$ (0.017)
Net and comprehensive loss	\$ (1,276,584)	\$ (225,495)	\$ (117,441)	\$ (755,900)
Net and Comprehensive Loss per Common Share, Basic and Diluted	\$ (0.03)	\$ (0.005)	\$ (0.003)	\$ (0.017)

<b>Three months ended</b>	<b>31-Jan-21</b>	<b>31-Oct-20</b>	<b>31-Jul-20</b>	<b>30-Apr-20</b>
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	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
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)

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**8. 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, 2022 for the summary of significant accounting policies.

**Year Ended January 31, 2022 compared to January 31, 2021**

For the year ended January 31, 2022, the Company recorded a net and comprehensive loss of \$2,375,420 or (\$0.06) per share compared to a net and comprehensive loss of \$113,864 or (\$0.01) per share in the comparable twelve months ended January 31, 2021. The overall increase in net and comprehensive loss of \$2,261,556 is primarily attributable to the acquisition of mineral exploration properties, and the related exploration and evaluation expenditures.

	Year ended Jan 31, 2022	Year ended Jan 31, 2021	Variance	Discussion
Consulting and management fees	162,207	133,465	28,742	Consulting & management fees increased compared to the prior comparative period as the Company assesses its overall strategy.
Depreciation	2,144	2,834	(689)	Depreciation expenses decreased slightly as a result of the lack of capital assets purchased during the year.
Exploration and evaluation expenditures	1,978,433	(69,032)	2,047,465	Exploration and evaluation costs, relate to the acquisition and field work of the Muddy Gullies Property, and the acquisition of the Atlin West Property.
Insurance	8,822	5,573	3,249	Insurance expense has increased due to market conditions.
Office	3,442	4,878	(1,436)	
Professional fees	73,235	77,354	(4,119)	Professional fees decreased compared to the comparative period due to reduced activity in this year.
Promotion and entertainment	200	424	(224)	Promotion and entertainment decreased due to efforts to maintain costs at a minimum.
Provision/(recovery) of bad debt	-	(56,423)	56,423	
Rent	40,000	28,780	11,220	Rent expense has increased over last period due to the moving the office from Toronto to Vancouver.
Share-based compensation	75,057	-	75,057	During the year the Company issued stock options to management and consultants. The stock options were valued using the black scholes pricing model.
Shareholder communications	3,538	295	3,243	Shareholder communications increased due to increased activity and to increase awareness of the property acquisitions.
Transfer agent and regulatory fees	43,272	17,716	25,555	Transfer agent and regulatory fees increased due to private placement and mineral property acquisitions.
Foreign exchange (gain)/loss	70	-	70	The Company had minimal foreign-based transactions during the year.
Exploration arrangement fee	(15,000)	(32,000)	17,000	The Company received \$15,000 relating to the RJK Explorations options agreements. The amount is lower due to RJK no renewing options on certain properties.

## **9. 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, 2022, the Company had \$677,085 in cash and cash equivalents (January 31, 2021 - \$20,679). 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, 2022, the Company had working capital of \$635,066 (January 31, 2021 – \$23,225). The working capital has increased since January 31, 2021, due to the closing of a private placement partially offset by operational costs and exploration expenditures during the year. 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.

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### 8. LIQUIDITY AND CAPITAL RESOURCES

#### *Capital Resources*

The Company had \$677,085 on January 31, 2022, 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. During the year, the Company has terminated this lease premise agreement and has moved into a shared office workspace arrangement.

#### **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, 2022. 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, 2022, included in accounts payable and accrued liabilities is \$6,044 (January 31, 2021 – \$34,649) 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

During the year ended January 31, 2022 and 2021, key management compensation consisted of the following:

<b>For the years ended</b>	<b>January 31, 2022</b>	January 31, 2021
Consulting and Management fees	\$ 162,207	\$ 100,800
Share-based compensation	45,929	-
	<b>\$ 208,136</b>	<b>\$ 100,800</b>

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 personnel. During the year ended January 31, 2022, the balance of loans are as follows:

<b>For the years ended</b>	<b>January 31, 2022</b>	January 31, 2021
Gold Rush Cariboo Corp.	-	\$ 49,665
SBD Capital Corp.	-	33,937
Pedro Resource Ltd.	-	13,936
	-	<b>\$ 97,438</b>

These loans are non-interest bearing and have no fixed terms of repayment. As at January 31, 2022, due to economic uncertainty, the Company has recorded an allowance for doubtful accounts in the amount of \$101,133. The Company recognized bad debt expenses of \$563,019 recorded during the year ended January 31, 2021. The net receivable of \$153,962 was collected as a result of an assignment of amounts owed by Allied Copper Corp. (formerly Gold Rush Cariboo Corp.) and SBD Capital Corp.

### 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, 2022, 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, 2022		As at January 31, 2021	
		Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair Value
<i>Financial Assets:</i>					
Cash	1	\$ 677,085	\$ 677,085	\$ 20,679	\$ 20,679
Amounts receivable	1	35,989	35,989	-	-
Related party loans	1	-	-	\$ 153,962	\$ 153,962
		\$ 713,075	\$ 713,075	\$ 174,641	\$ 174,641

	Input Level	As at January 31, 2022		As at January 31, 2021	
		Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair Value
<i>Financial Liabilities:</i>					
Current Liabilities	1	\$ 80,244	\$ 80,244	\$ 157,019	\$ 157,019
		\$ 80,244	\$ 80,244	\$ 157,019	\$ 157,019

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, 2022, the Company had cash of \$677,085 (January 31, 2021 - \$20,679) and accounts payable and accrued liabilities of \$80,244 (January 31, 2021 - \$157,018).

## **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, 2022. Other risks and uncertainties that are not discussed in the financial statements include:

### *Property acquisition risk*

Although we perform a review of properties that we acquire that we believe is consistent with industry practices, such reviews are inherently incomplete. It generally is not feasible to review in-depth every individual property involved in each acquisition. Ordinarily, we will focus our review efforts on the higher-value properties and will sample the remainder. However, even a detailed review of records and properties may not necessarily reveal existing or potential problems, nor will it permit us as a buyer to become sufficiently familiar with the properties to assess fully and accurately their deficiencies and potential. Inspections may not always be performed on every property, and environmental problems, such as groundwater contamination, are not necessarily observable even when an inspection is undertaken. Even when problems are identified, we often assume certain environmental and other risks and liabilities in connection with acquired properties.

### *Liquidity and future financing risk*

The Company is in the exploration and development stage of business and has not generated revenue in excess of its expenses. The Company will likely operate at a loss until its business becomes established and the Company may require additional financing in order to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions and business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional financing is raised by issuance of additional shares, control may change and shareholders may suffer dilution. If adequate funds are not available or are not available on acceptable terms, the Company may be required to scale back its current business plan or cease operating.

### *Dilution*

Any sale of the Company's shares will result in dilution to existing holders of shares. The Company may issue additional shares without the consent of the shareholders of the Company.

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, 2022 and the date of this MD&A, the Company had 72,760,560 (15,860,562 – January 31, 2021) common shares issued and outstanding.

#### *c) Warrants*

During the year, 19,999,998 warrants were granted pursuant to the private placement. 549,000 finder's warrants valued at \$43,449 were also issued in connection with the transaction. The fair value of warrants granted is estimated on the grant date using the Black-Scholes option-pricing model using the following variables:

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	January 31, 2022	January 31, 2021
Risk-free interest rate	0.62%	-
Expected warrant life in years	3.00	-
Expected stock price volatility	186.6%	-
Expected dividend rate	0%	-
Fair value per warrant	\$0.08	-
Stock price at grant date	\$0.09	-

A summary of the changes in the share purchase warrants for the period ended January 31, 2022 compared to the year ended January 31, 2021 are as follows:

	Number	Weighted Average Exercise Price
<b>Balance at January 31, 2020</b>	165,800	\$3.32
Expired	(165,800)	\$3.32
<b>Balance at January 31, 2021</b>	-	-
Issued in private placement	<b>19,999,998</b>	<b>\$0.12</b>
Issued as brokers warrants	<b>549,000</b>	<b>\$0.12</b>
<b>Balance at January 31, 2022</b>	<b>20,548,998</b>	<b>\$0.12</b>
<b>Exercisable at January 31, 2022</b>	<b>20,548,998</b>	<b>\$0.12</b>

d) *Stock Options*

The Company has a fixed stock option plan which follows the policies of the TSX-V regarding stock option awards granted to directors, officers, employees and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan. The options can be granted for a maximum of 5 years and vest as determined by the Board of Directors.

On April 13, 2021 (the "Grant Date"), the Company has granted stock options (collectively, the "Options") to management and consultants to purchase 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. On June 21, 2021, the Company granted an additional 200,000 options to a consultant with the same vesting and expiry terms as the aforementioned April 13, 2021 grant.

During the year ended January 31, 2022, the Company recognized a share-based compensation expense of \$75,057 (2020 – \$nil) representing the fair value of options granted and vested. The fair value of options granted is estimated on the grant date using the Black-Scholes option-pricing model using the following weighted-average variables:

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	January 31, 2022	January 31, 2021
Risk-free interest rate	0.94-0.97%	-
Expected option life in years	5.00	-
Expected stock price volatility	162.3%	-
Expected dividend rate	0%	-
Weighted average fair value per option	\$0.07	-
Stock price at grant date	\$0.08	-

### c) Stock Options

Stock options for the period ended January 31, 2022 and 2021 are:

	Number	Weighted Average Exercise Price
<b>Balance at January 31, 2020</b>	<b>1,072,500</b>	<b>\$1.85</b>
Forfeited	(1,072,500)	-
<b>Balance at January 31, 2021</b>	<b>-</b>	<b>-</b>
Granted	1,700,000	\$0.10
<b>Balance at January 31, 2022</b>	<b>1,700,000</b>	<b>\$0.10</b>
<b>Exercisable at January 31, 2022</b>	<b>425,000</b>	<b>\$0.10</b>

Compensation costs attributable to the granting and vesting of share options are measured at fair value and expensed with a corresponding increase to contributed surplus. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

## 12. OFF-BALANCE SHEET ARRANGEMENTS

During the twelve months ended January 31, 2022, 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.

## 13. 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, the market price at the date of issue, expected

## 13. CRITICAL ACCOUNTING ESTIMATES

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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.

(ii) Valuation of warrants:

The Company uses the Black-Scholes option pricing model to calculate the fair value of warrants issued in connection with the Company's private placements. The Black-Scholes model requires six key inputs to determine a value for a warrant: risk-free interest rate, exercise price, the market price at the 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 warrant or a higher volatility number used would result in an increase in the warrant's 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 the 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.

## 14. APPROVAL

The Audit Committee of Power Group Projects Corp. has reviewed and approved the disclosure contained in this January 31, 2022, MD&A. Further information about the Company is available under our SEDAR profile at [www.sedar.com](http://www.sedar.com).