

**Management Discussion and Analysis**

**For the three months ended August 31, 2022**

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**DISCLAIMER FOR FORWARD-LOOKING INFORMATION**

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of August 31, 2022. These assumptions, which include, management's current expectations, estimates and assumptions about the global economic environment may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) inability to locate and identify potential business acquisitions, (3) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (4) other factors beyond our control. There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. Unless otherwise required by applicable securities laws, the Issuer disclaims any obligation to update any forward-looking statements, whether as a result of new events, circumstances and information, future events or results or otherwise. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

***1.1 – Date and Basis of Discussion & Analysis***

This management discussion and analysis ("MD&A") is dated as of October 24, 2022 and should be read in conjunction with the unaudited interim financial statements of GSP Resources Corp for the three months ended August 31, 2022 and the audited financial statements of GSP Resource Corp for the years ended May 31, 2022 and May 31, 2021. The condensed interim financial statements are prepared in compliance with International Financial Reporting Standard 34 – *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations

Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

The financial statements were approved by the Board of Directors of the Company on October 24, 2022.

## **GSP RESOURCE CORP.**

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#### **1.2 – Overall Performance**

##### **Nature of Business**

GSP Resource Corp. (“GSP” or the “Company”) was incorporated as “GSP Resource Corp.” under the Business Corporations Act (British Columbia) on February 19, 2018.

The Company’s principal business activity is the exploration of mineral properties. The Company currently conducts substantially all of its operations in Canada in one business segment.

The head office and principal address of the Company is located at 1610 – 777 Dunsmuir Street, Vancouver, B.C., V7Y 1K4.

On February 23, 2018, the Company entered into the Olivine Option Agreement with Platinum Belt Resources Inc., the Optionor, to acquire a 100% interest in 25 mineral claims comprising the Olivine Property located in the Similkameen Mining Division in the Province of British Columbia.

On January 30, 2020, the Company signed an option agreement to acquire 100% of the Alwin copper-gold-silver project located in the Similkameen Mining Division, British Columbia.

The Company has never generated revenue or positive cash flows from operations. For the three months ended August 31, 2022, the Company reported a net loss of \$(48,450), cash used in operating activities of \$27,912, and an accumulated deficit of \$(1,404,457). For the fiscal year ended May 31, 2022, the Company reported a net loss of \$(338,226), cash used in operating activities of \$279,305, and an accumulated deficit of \$(1,356,007). The Company’s ability to continue its operations as intended are dependent on its ability to obtain necessary financing and raise capital sufficient to cover its operating costs.

Operations during the three months ended August 31, 2022, were primarily related to obtaining the necessary financing, as well as conducting the exploration programs on the Alwin Property. During the three months ended August 31, 2022, the Company incurred exploration and evaluation assets expenditures in the amount of \$Nil (2021 - \$436,473). See “Exploration and Evaluation Assets”.

The Company has a history of no operating earnings. The Company had a negative operating cash flow in its most recently completed financial year and will continue to for the foreseeable future.

An investment in a natural resource company involves a significant degree of risk. The degree of risk increases substantially where the company’s properties are in the exploration stage as opposed to the development stage. The mineral exploration and mining business is competitive in all of its phases.

In the event that the Company’s exploration program is successful, the Company will require additional financing in order to further develop the Company’s property. The Company may not have enough funds to carry out its Phase II exploration program on the Olivine Property and additional financings may be required.

The property of the Company does not contain any known body of commercial ore. The marketability of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond control of the Company. The grade of any ore ultimately mined from a mineral deposit may differ from that produced from drilling results. Mining operations generally involve a high degree of risk.

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#### 1.2 – Overall Performance (cont'd...)

##### Exploration and evaluation Assets

###### Alwin Property, Kamloops Mining Division, British Columbia

On January 30, 2020, the Company entered into an option agreement to acquire a 100% interest in 9 mining claims located in the Kamloops Mining District of British Columbia. To acquire the 100% interest, the Company must make cash payments of \$250,000 (of which \$75,000 is paid), issue 4,500,000 of the Company's common shares (of which 700,000 are issued) as follows:

Date	Cash	Shares
Upon receipt of TSX Venture Exchange approval of the Option Agreement (the "Approval Date") (paid and issued)	\$ 25,000	200,000
On or before 1 <sup>st</sup> Anniversary of the Approval Date	\$ 25,000	200,000
On or before 2 <sup>nd</sup> Anniversary of the Approval Date	\$ 25,000	300,000
On or before 3 <sup>rd</sup> Anniversary of the Approval Date	\$ 50,000	400,000
On or before 4 <sup>th</sup> Anniversary of the Approval Date	\$ 50,000	500,000
On or before 5 <sup>th</sup> Anniversary of the Approval Date	\$ 75,000	900,000
On or before the earlier of a bankable feasibility study and the 8 <sup>th</sup> Anniversary of the Approval Date	\$ -	2,000,000
	<u>\$ 250,000</u>	<u>4,000,000</u>

During the term of the option, the Company is required to keep the claims in good standing. These claims are also subject to a 1.8% Gross Smelter Return ("GSR") Royalty to the Optionors. The Company has the option to repurchase 0.8% GSR Royalty for \$1,500,000, leaving the Optionors with a 1% GSR Royalty.

###### Olivine Mountain Property, Similkameen Mining Division, British Columbia

On February 23, 2018 (as amended October 17, 2019, and further amended December 24, 2019), the Company entered into an option agreement to acquire a 100% interest in 25 mining claims located in the Similkameen Mining District of British Columbia. To acquire the 100% interest, the Company must make cash payments of \$80,000 (of which \$80,000 is paid), issue 275,000 of the Company's common shares (of which 275,000 are issued) and incur aggregate minimum exploration expenditure of \$300,000 on the Olivine Property (all of which has been incurred) as follows:

	Cash	Shares	Minimum Exploration Expenditures
Within 10 days after execution and delivery of the Agreement (paid)	\$ 15,000	-	-
Within 10 days of the Listing Date, (paid and issued)	\$ 20,000	200,000	-
Six-month anniversary of the Listing Date (paid)	\$ 20,000	-	-
Fifteenth-month anniversary of the Listing Date (issued and incurred)	-	75,000	\$100,000
Twenty-fourth month anniversary of the Listing Date (incurred)	-	-	\$200,000
Thirtieth month anniversary of the Listing Date (paid)	\$ 25,000	-	-
	<u>\$ 80,000</u>	<u>275,000</u>	<u>\$300,000</u>

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#### **1.2 – Overall Performance (cont'd...)**

##### **Exploration and evaluation Assets (cont'd...)**

##### **Olivine Mountain Property, Similkameen Mining Division, British Columbia (cont'd...)**

During the term of the option, the Company is required to keep the claims in good standing. These claims are also subject to a 2% Net Smelter Return (“NSR”) Royalty payable commencing from the date upon which the Property is put into commercial production, 100% of which can be acquired at a purchase price of \$1,00,000 for each one-half (50%) of the NSR Royalty, leaving the Optionor with no NSR Royalty after payment of \$2,000,000.

##### **Agreement with Full Metal Minerals Ltd.**

The TSX Venture Exchange accepted for filing an option agreement dated Feb. 24, 2020 (as amended on July 30, 2020, Aug. 28, 2020, Dec. 15, 2020, Feb. 1, 2021, and March 12, 2021), between Full Metal Minerals Ltd. and the Company, whereby Full Metal Minerals Ltd. has been granted an option to acquire 60 per cent of the Company’s right, title and interest in and to the Olivine Mountain property in British Columbia for consideration in the amount of \$515,000 in cash (of which \$90,000 is paid) and the issuance of 350,000 shares (of which 170,000 are issued) over four years. The exploration expenditures will be \$500,000 over four years (of which \$75,000 is spent).

Full Metal Minerals Ltd. has completed the first-year cash payments of \$65,000 and issued 100,000 shares to the Company pursuant to the payment schedule in the option agreement. As of May 31, 2021, the marketable securities were valued at a quoted market price of \$0.43 per share for a total of \$43,000. Full Metal Minerals Ltd. has completed the second-year cash payments of \$25,000. During the fiscal year ended May 31, 2022, the Company disposed of the 100,000 common shares of Full Metal Minerals Ltd. that were received in prior year for net proceeds in the amount of \$14,745 and recognized a realized loss on the disposition of the marketable securities in the amount of \$28,255). The Company received an additional 70,000 common shares of Full Metal Minerals Ltd at a fair value of \$9,175. As of August 31, 2022, the fair value these marketable securities were \$3,500 (May 31, 2022 - \$7,000). During the three months ended August 31, 2022, the Company recognized a loss on marketable securities in the amount of \$3,500, (2021 - \$23,000). During the fiscal year ended May 31, 2022, the Company recognized a loss on marketable securities in the amount of \$2,175 (2021 - \$35,000 gain).

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**1.2 – Overall Performance (cont'd...)**

**Expenditures related to the properties can be summarized as follows:**

	May 31, 2021	Additions	May 31, 2022	Additions	August 31, 2022
	\$	\$	\$	\$	\$
<b>Acquisition costs</b>					
<b>Alwin Project</b>					
Property option payments - cash	50,000	25,000	75,000	-	75,000
Property option payments - shares	98,000	52,500	150,500	-	150,500
	148,000	77,500	225,500	-	225,500
<b>Olivine Property</b>					
Property option payments - cash	80,000	-	80,000	-	80,000
Property option payments - shares	49,250	-	49,250	-	49,250
Other claims - cash	991	-	991	-	991
Property option -proceeds from disposition	(48,000)	(59,175)	(107,175)	-	(107,175)
	82,241	(59,175)	23,066	-	23,066
	230,241	18,325	248,566	-	248,566
<b>Exploration costs</b>					
<b>Alwin Project</b>					
Drilling	356,487	469,731	826,218	-	826,218
Environmental consulting	1,230	-	1,230	-	1,230
Fieldwork	14,500	6,750	21,250	-	21,250
Geological consulting	132,831	169,551	302,382	-	302,382
Laboratory and analysis	32,996	63,441	96,437	-	96,437
Technical consulting	30,195	127,027	157,222	-	157,222
Travel, supplies and field expenses	25,703	9,036	34,739	-	34,739
	593,942	845,536	1,439,478	-	1,439,478
<b>Olivine Property</b>					
Airborne geophysical survey	85,000	-	85,000	-	85,000
Assessment report	8,564	-	8,564	-	8,564
Core cutting	8,050	-	8,050	-	8,050
Drilling	122,683	-	122,683	-	122,683
Fieldwork	7,609	-	7,609	-	7,609
Geological consulting	19,239	-	19,239	-	19,239
Geological survey	1,375	-	1,375	-	1,375
Laboratory analysis	68,102	900	69,002	-	69,002
Mobilization	8,467	-	8,467	-	8,467
Permitting	3,550	-	3,550	-	3,550
Project management	28,109	-	28,109	-	28,109
Road clearing	1,000	-	1,000	-	1,000
Soil sampling	36,315	-	36,315	-	36,315
Technical report	23,792	-	23,792	-	23,792
Travel, supplies and field expenses	79,097	-	79,097	-	79,097
	500,952	900	501,852	-	501,852
Mining exploration tax credit	-	(136,451)	(136,451)	-	(136,451)
	1,094,894	709,985	1,804,879	-	1,804,879
<b>Balance, end of period</b>	1,325,135	728,310	2,053,445	-	2,053,445

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#### 1.3 – Selected Annual Information

<b>As at</b>	<b>May 31, 2022</b>	<b>May 31, 2021</b>	<b>May 31, 2020</b>
	\$	\$	\$
Current Assets	262,887	820,067	609,223
Exploration and Evaluation Assets	2,053,445	1,325,135	675,190
Reclamation bond	27,000	27,000	12,105
<b>Total Assets</b>	<b>2,343,332</b>	<b>2,172,202</b>	<b>1,296,518</b>
Current Liabilities	21,379	22,930	14,007
<b>I liabilities</b>	<b>21,379</b>	<b>22,930</b>	<b>14,007</b>
Shareholders' Capital	3,148,704	2,756,821	1,563,451
Reserves	529,256	410,232	242,511
Deficit	(1,356,007)	(1,017,781)	(523,451)
<b>Shareholders 'Equity</b>	<b>2,321,953</b>	<b>2,149,272</b>	<b>1,282,511</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,343,332</b>	<b>2,172,202</b>	<b>1,296,518</b>

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#### 1.4 – Results of Operations

	Three Months Ended August 31, 2022	Three Months Ended August 31, 2021
	\$	\$
<b>General and administrative expenses</b>		
Insurance	1,875	1,500
Management fees	30,000	30,000
Office and miscellaneous	2,337	1,921
Professional fees	5,000	11,750
Regulatory and transfer agent fees	2,630	5,670
Rent	2,500	3,000
Shareholder information	-	35,615
Travel and promotion	358	4,293
Website	250	-
	44,950	93,749
Loss on marketable securities	3,500	23,000
	48,450	116,749
<b>Net loss and comprehensive loss for the period</b>	<b>48,450</b>	<b>116,749</b>

Operations during the three months ended August 31, 2022, and 2021 were primarily related to obtaining the necessary financing, as well as conducting the exploration programs on the Olivine and Alwin Properties. See disclosure under “Exploration and Evaluation Assets”.

For the fiscal Quarter ended August 31, 2022, the Company incurred operating expenses of \$44,950 (2021 - \$93,749).

The Company acquired Director and Officer Liability Insurance during the year and expensed \$1,875 (2021 - \$1,500) to operations

The Company incurred management fees paid to Simon Dyakowski, the Company’s Chief Executive Officer, of \$22,500 (2021 - \$22,500) and management fees in the amount of \$7,500 (2021 - \$7,500) paid to Max Investments Inc, a company controlled by Christopher Dyakowski, a Director and Chairman of the Board. (See “Related Party Transactions”).

Office and miscellaneous expenditures were incurred for bank fees and interest, general office and telephone expenses in the amount of \$2,337 (2021 - \$1,921) in connection with the maintenance of its office.

Professional fees of \$5,000 (2021 - \$11,750) included fees for legal and corporate services of \$Nil (2021 - \$7,250), and fees paid to the Company’s Chief Financial Officer for services rendered to the Company in the amount of \$5,000 (2021 - \$4,500).

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#### 1.4 – Results of Operations (cont'd...)

Regulatory fees paid to maintain the Company's listing on the TSX Venture Exchange amounted to \$1,300 (2021 - \$5,670) and fees paid for transfer agent fees amounted to \$1,330 (2021 - \$Nil).

The Company entered into a monthly office rent agreement (amended to \$1,000 commencing August 1, 2022 and to \$750 June 1, 2022). Rent incurred during the fiscal quarter ended August 31, 2022, was \$2,500 (2021 - \$3,000).

The Company incurred \$Nil (2021 - \$35,615) for advertising, news releases and dissemination of information to shareholders.

During the fiscal quarter ended August 31, 2022, the Company incurred \$358 (2021 - \$4,293) for travel and promotion.

Fees incurred for the maintenance of the Company's website during the fiscal year ended May 31, 2022, were \$250 (2021 - \$Nil).

During the fiscal year ended May 31, 2021, the Company received marketable securities as consideration for the partial disposition of its mineral interests. See "Olivine Property". The fair value of those marketable securities on August 31, 2021, was \$20,000 (May 31, 2021 - \$43,000). resulted in a loss on marketable securities during the fiscal quarter then ended of \$23,000. During the fiscal year ended May 31, 2022, the Company disposed of the securities for \$14,745. In October 2021 and May 2022, the Company received additional marketable securities at fair value of \$9,175. The fair value of the marketable securities on August 31, 2022, was \$3,500 (May 31, 2022 - \$7,000), resulting in a loss on marketable securities during the fiscal quarter then ended of \$3,500.

#### 1.5 – Summary of Quarterly Results (Unaudited)

The following table sets out selected quarterly information for the eight most recent quarters:

<b>Fiscal quarters ended in Fiscal year ended May 31, 2023</b>	<b>May 31, 2023</b>	<b>February 28, 2023</b>	<b>November 30, 2022</b>	<b>August 31, 2022</b>
	\$	\$	\$	\$
Sales or Revenue				-
Income (loss)				(48,450)
Income (loss) per common share (Basic and Diluted)				(0.0)
<b>Fiscal quarters ended in Fiscal year ended May 31, 2022</b>	<b>May 31, 2022</b>	<b>February 28, 2022</b>	<b>November 30, 2021</b>	<b>August 31, 2021</b>
	\$	\$	\$	\$
Sales or Revenue	-	-	-	-
Income (loss)	(52,156)	(69,243)	(100,078)	(116,749)
Income (loss) per common share (Basic and Diluted)	(0.01)	(0.00)	(0.00)	(0.01)

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Fiscal quarters ended in Fiscal year ended May 31, 2021	May 31, 2021 \$	February 29, 2021 \$	November 30, 2020 \$	
Sales or Revenue	-	-	-	
Income (loss)	(64,078)	(83,301)	(116,155)	
Income (loss) per common share (Basic and Diluted)	(0.00)	(0.01)	(0.01)	

#### **1.6 – Liquidity**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of August 31, 2022, the Company had a cash balance of \$212,204 (May 31, 2022 - \$240,116) to settle amounts due to related parties, accounts payable and accrued liabilities of \$36,946 (May 31, 2022 - \$21,379). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

During the fiscal quarter ended August 31, 2022, cash used in operating activities was \$27,912 (2021 - \$85,809), cash used in investing activities was \$Nil (2021 - \$436,474), cash derived from financing activities was \$Nil (2021 - \$439,333).

Shareholder's equity as of August 31, 2022, was \$2,273,503 (May 31, 2022- \$2,321,953). The Company will need to raise additional sources of funding to maintain operations at the currently level.

During the fiscal year ended May 31, 2022, 999,999 common shares were issued on July 14, 2021, and an additional 300,000 common shares were issued on August 24, 2021, pursuant to a flow-through private placement at \$0.35 per unit for gross proceeds of \$455,000. The Company paid cash finders fees in the amount of \$21,700 and issued 61,999 non-transferable finder's warrants at a value of \$8,950 to certain brokers, having the same terms as the warrants. The Company raised an additional \$46,033 by issuance of 230,167 common shares pursuant to the exercise of warrants. On January 24, 2022, the company issued 300,000 common shares pursuant to the Alwin Property at fair value of \$0.175 per share.

Although the Company has been successful in the past in rising the necessary funding to continue operations, there can be no certainty it will be able to do so in the future.

The Company is committed to expenditures pursuant to the Olivine and Alwin Property agreements. See "Exploration and Evaluation Assets".

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#### **1.7 – Capital Resources**

The capital resources of the Company as of August 31, 2022, are primarily its cash of \$212,204 (May 31, 2022 - \$240,116). The Company has raised sufficient funds to conduct any anticipated operating expenses, to conduct exploration programs or for future acquisitions. The Company will require additional financing to fund future projects. The Company anticipates funding future expenditures additional equity subscriptions, such as private placements or through the exercise of warrants and options. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or for the amounts desired or that it can be obtained on terms acceptable to the Company and its shareholders.

If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced, and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's Common Shares.

#### **1.8 – Off Balance Sheet Arrangements**

As of August 31, 2022, there were no off-balance sheet arrangements to which the Company was committed.

#### **1.9 – Transactions with Related Parties**

During the three months ended August 31, 2022, the Company had the following related party transactions and balances:

- (a) The Company entered into a consulting agreement, with Max Investments Inc. (a company controlled by Christopher Dyakowski, a Director and Chairman of the Board) to provide management services for \$2,000 per month (amended to \$2,500 commencing April 1, 2021). During the three months ended August 31, 2022, the Company paid or accrued \$7,500 (2021 - \$7,500) to Max Investments Inc. Included in account payable and accrued liabilities as of August 31, 2022, is \$13,125 (May 31, 2022 - \$5,250).
- The Company paid \$Nil (2021 - \$1,500) to Max Investments Inc. for fieldwork related to the Alwin Property. Such amounts are included in Exploration and Evaluation Assets (Note 5).
  - Included in due to related parties as of August 31, 2022, is \$3,972 (May 31, 2022 - \$3,972) due to Christopher Dyakowski for expenses incurred on behalf of the Company.
- (b) The Company entered into a consulting agreement (the "CEO Agreement") with Simon Dyakowski, the Company's Chief Executive Officer to provide management services for \$3,000 per month (amended to \$5,000 commencing April 1, 2020, and to \$7,500 commencing April 1, 2021). During the fiscal three months ended August 31, 2022, the Company paid or accrued management fees in the amount of \$22,500 (2021 - \$22,500) to the Company's Chief Executive Officer.
- Included in due to related parties as of August 31, 2022, is \$2,614 (May 31, 2022 - \$2,114 due to Simon Dyakowski for expenses incurred on behalf of the Company.
- (c) Included in professional fees is \$5,000 (2021 - \$4,500) paid or payable to the Company's Chief Financial Officer (Kenneth Phillippe) for services rendered to the Company. Included in accounts payables and accrued liabilities as of August 31, 2022, is \$9,500 (May 31, 2022 - \$4,500).

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These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**1.10 – Fiscal Quarter ended August 31, 2022**

Refer to 1.4 – Results of Operations for the fiscal quarter ended August 31, 2022.

***1.11 – Proposed Transactions***

The Company has no pending or proposed transactions as of August 31, 2022, other than as noted herein.

**1.12 – Critical Accounting Estimates**

The Company has outlined the basis of its critical accounting estimates in Note 3 of its August 31, 2022 and May 31, 2022 Financial Statements.

***1.13 – Changes in Accounting Policies***

**Adoption of new accounting standards**

The Company did not adopt any new accounting standard changes or amendments in the current year that has a material impact on the Company's financial statements.

**New accounting standards issued but not yet effective**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC; however, none have been identified as applicable or consequential to the Company.

**1.14 – Financial Instruments**

Fair value of financial instruments

The Company applied the following fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company's financial instruments consist of cash, marketable securities, accounts payable and accrued liabilities and due to related parties. The carrying value of cash, accounts payable and accrued liabilities and due to related parties are carried on the statements of financial position at amortized cost and the fair values of these financial instruments approximate their carrying value due to their short-term nature. Marketable securities are recorded at fair value based on the quoted market price in active markets at the recording date, which is consistent with Level 1 of the fair value hierarchy.

The Company's financial instruments are exposed to certain financial risks, including liquidity risk, credit risk and interest rate risk.

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**1.14 – Financial Instruments (Cont'd...)**

**Liquidity risk**

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. Refer to Note 1 of the Company's May 31, 2022, financial statements for further details related to the ability of the Company to continue as a going concern. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2022, the Company had a cash balance of \$212,204 (May 31, 2021 - \$240,116) to settle due to related parties, accounts payable and accrued liabilities of \$36,946 (May 31, 2021 \$21,379). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

**Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company is exposed to credit-related losses in the event of non-performance by the counterparties. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. Cash is held with reputable banks in Canada. The long-term credit rating of these banks, as determined by Standard and Poor's, was A+.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. An immaterial amount of interest rate exposure exists in respect of cash balances on the statement of financial position. As a result, the Company is not exposed to material cash flow interest rate risk on its cash balances.

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#### 1.15 – Other MD&A Requirements

##### Share Capital

Disclosure of Outstanding Share Data

a) **Authorized: Unlimited common shares without par value**

b) **Issued and outstanding:**

As of August 31, 2022, 20,677,440 (May 31, 2022 – 20,677,440) common shares with no par value were issued and outstanding.

	Number of Shares	Amount \$
<b>As of May 31, 2020</b>	14,739,042	1,563,451
Private placement	1,333,334	400,000
Flow-through units issued for cash, net of issuance costs	1,375,000	459,000
Shares issued for mineral property	200,000	60,000
Shares issued per exercise of warrants	1,199,898	374,370
<b>As of May 31, 2021</b>	18,847,274	2,756,821
Flow-through units issued for cash, net of issuance costs	1,299,999	293,350
Shares issued per exercise of warrants	230,167	46,033
Shares issued for mineral interests (see “Alwin Property”)	300,000	52,500
<b>As of May 31, 2022 and August 31, 2022</b>	20,677,440	3,148,704

During the year ended May 31, 2022, the Company issued common shares of the Company as follows:

- On July 14, 2021 the Company issued 999,999 units at a price of \$0.35 per unit for gross proceeds of \$350,000 as a first tranche of a flow-through share financing, and recognized a flow-through share premium of \$37,850. On August 24, 2021, the Company issued an additional 300,000 units as a second tranche. Each unit consists of one flow-through common share and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one non-flow-through common share of the Company at a price of \$0.50 per share for a period of three years. The 649,999 warrants were fair valued at \$93,150. The Company paid cash finders fees in the amount of \$21,700 and issued 61,999 non-transferable finder’s warrants at a value of \$8,950 to certain brokers, having the same terms as the warrants.
- The Company issued an additional 230,167 common shares pursuant to the exercise of warrants at \$0.20 per share for proceeds in the amount of \$46,033.
- The Company issued 300,000 common shares pursuant to the Alwin Property (Note 5) at a fair value of \$0.175 per share.

## GSP RESOURCE CORP.

### Management Discussion and Analysis

For the three months ended August 31, 2022

#### 1.15 – Other MD&A Requirements (cont'd...)

##### Share Capital (cont'd...)

###### c) Flow through shares

. On July 14, 2021, the Company issued 999,999 common shares on a flow-through basis at a price of \$0.35 per share for gross proceeds of \$350,000 and an additional 300,000 shares on August 24, 2021, for gross proceeds of \$105,000 (see issued and outstanding share capital). The Company renounced \$408,000 of the expenditures as incurred and renounced the balance of unspent funds under the look-back rules as of December 31, 2021. As of August 31, 2022, the Company has incurred all \$455,000 of qualified expenditures

###### d) Warrants

	Three months ended August 31, 2022		Year ended May 31, 2022	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Warrants outstanding, beginning of the year	4,013,835	0.35	3,772,500	0.20
Warrants exercised during year	-	-	(230,167)	0.20
Warrants expired and cancelled during the year	-	-	(1,425,249)	0.20
Warrants modified; exercisable date extended to before February 21, 2023 *	-	-	1,184,753	0.16
Warrants issued pursuant to flow-through unit offering and exercisable on or before July 14, 2024	-	-	499,999	0.50
Finder warrants issued, exercisable on or before July 14, 2024	-	-	61,999	0.50
Warrants issued pursuant to flow-through unit Offering, exercisable on or before August 24, 2024	-	-	150,000	0.50
<b>Warrants outstanding, end of the period</b>	<b>4,013,835</b>	<b>0.38</b>	<b>4,013,835</b>	<b>0.38</b>

## GSP RESOURCE CORP.

### Management Discussion and Analysis

For the three months ended August 31, 2022

#### 1.15 – Other MD&A Requirements (cont'd...)

##### Share Capital (cont'd...)

##### d) Warrants (cont'd...)

Warrants outstanding and exercisable as of August 31, 2022, are as follow

<b>Number of warrants outstanding</b>	<b>Exercise price per warrant</b>	<b>Years to expiry</b>	<b>Expiry date</b>
	\$		
783,750	0.50	0.21	November 16, 2022
1,184,753	0.16	0.48	February 21, 2023 *
1,333,334	0.45	.91	July 30, 2023
561,998	0.50	1.87	July 14, 2024
150,000	0.50	1.98	August 24, 2024
4,013,835	0.35	1.02	

\* In March 2022, the Company amended the exercise price of 1,184,753 outstanding share purchase warrants issued May 21, 2020, exercisable at \$0.20 per share on or before May 21, 2022, to \$0.16 per share, and extended the expiry date of the Warrants to February 21, 2023. The Company also added an accelerated expiry provision such that the new expiry of the Warrants will be reduced to fifteen days if for any ten consecutive trading days during the unexpired term of such Warrants, the closing price of the Company's common shares is equal to or greater than \$0.30, with the fifteen day expiry period commencing on the day the Company either (i) disseminates a press release or (ii) delivers a written notice for the holder of the Warrants, advising of the commencement of the fifteen day expiry period. The initial fair value allocated to the warrant was \$Nil on May 21, 2020 and as a result, there is no net effect of the warrant incremental fair value as a result of the amendment.

As at August 31, 2022, the warrants have a weighted average remaining life of 1.02 years (May 31, May 31, 2022 – 1.07 years).

On July 14, 2021, the Company issued 499,999 warrants pursuant to a flow through share unit offering and 61,999 finders warrants (Note 6b). The fair value of 499,999 warrants issued was calculated using residual method for a fair value of \$72,150, which was recorded as reserve. The fair value of 61,999 finder warrants granted was calculated using the Black-Scholes option pricing model for a fair value of \$8,950, which was recorded as reserve.

The following assumptions were used in the Black-Scholes model to determine the fair value of the 61,999 finder warrants granted were as follows:

	<b>Year ended May 31, 2022</b>
Risk-free interest rate	0.64%
Expected dividend yield	-
Expected volatility	122.73%
Expected terms in years	3 years

On August 24, 2021, the Company issued 150,000 warrants pursuant to a flow through share unit offering. The fair value of 150,000 warrants issued was calculated using residual method for a fair value of \$21,000, which was recorded as reserve.

**GSP RESOURCE CORP.**

**Management Discussion and Analysis**

**For the three months ended August 31, 2022**

**1.15 – Other MD&A Requirements (cont'd...)**

**Share Capital (cont'd...)**

**e) Stock options**

The Company's Plan allows the directors to grant stock options to directors, officers, employees and consultants to purchase up to a total of 10% of the issued and outstanding common shares, provided that stock options in favour of any one individual may not exceed 5% of the issued and outstanding common shares, calculated at the date of the grant. No more than an aggregate of 2% of the issued shares of the Company, calculated at the date the option is granted, may be granted to all employees, and no more than an aggregate of 2% may be granted to all employees and/or consultants conducting investor relates activities. No stock option granted under the Plan is transferable by the optionee other than by will or the laws of descent and distribution, and each stock option is exercisable during the lifetime of the optionee only by such optionee.

The following is a summary of stock option transactions:

	Three months ended August 31, 2022		Year Ended May 31, 2021	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Options outstanding, beginning of the year	1,790,000	0.24	1,665,000	0.24
Expired during the period	(50,000)	0.36	-	-
Granted and exercisable on or before November 15, 2023	-	-	125,000	0.21
<b>Options outstanding, end of the period</b>	<b>1,740,000</b>	<b>0.23</b>	<b>1,790,000</b>	<b>0.24</b>

Stock options outstanding and exercisable as of August 31, 2022, are as follows:

Number of options outstanding	Number of options exercisable	Exercise price per option	Years to expiry	Expiry date
125,000	125,000	\$ 0.21	1.21	November 15, 2023
900,000	900,000	0.20	1.25	November 29, 2023
50,000	50,000	0.20	2.10	October 4, 2024
100,000	100,000	0.20	2.17	October 30, 2024
75,000	75,000	0.20	2.42	January 29, 2025
490,000	490,000	0.32	2.97	August 17, 2025
<b>1,740,000</b>	<b>1,740,000</b>	<b>\$ 0.23</b>	<b>1.86</b>	

## GSP RESOURCE CORP.

### Management Discussion and Analysis

For the three months ended August 31, 2022

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#### 1.15 – Other MD&A Requirements (cont'd...)

##### Share Capital (cont'd...)

###### e) **Stock options (cont'd...)**

On November 15, 2021, the Company granted 125,000 incentive stock options to a consultant, vesting immediately and exercisable on or before November 15, 2023, at a price of \$0.21 per share. The fair value of the options granted was calculated using Black-Scholes option pricing model for a cumulative total of \$16,925, which was recorded as stock-based compensation expense in the statement of loss and comprehensive loss.

The following assumptions were used in the Black-Scholes model to determine the fair value of the options granted: during the period:

	<b>Fiscal year ended May 31, 2022</b>
Risk-free interest rate	1.00%
Expected dividend yield	-
Expected volatility	129.77%
Expected terms in years	2 years

During the three months ended August 31, 2022, the Company recorded stock-based compensation in the amount of \$Nil (2021 - \$Nil).

#### 1.16 – Subsequent events

There were no significant reportable events that occurred subsequent to the reporting period.

#### 1.17 – Commitments

See “Exploration and Evaluation Assets” and “Related Party Transactions”.

**Management Discussion and Analysis**

**For the three months ended August 31, 2022**

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**ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS OR IPO VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE AND JUNIOR ISSUERS**

See “1.2 – Overall Performance – Olivine Mountain Property and Alwin Property” for a breakdown of the material components of exploration and evaluation assets expenditures.

See “1.4 – Results of Operations” for a breakdown of the material components of general and administrative expenditures.

**RISK FACTORS AND UNCERTAINTIES**

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties, currently in British Columbia, Canada. Due to the nature of the Company’s business and the present stage of exploration of its mineral properties (which are primarily early stage exploration properties with no known resources or reserves), many risk factors will apply. The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company may also impair the business operations.

**Going Concern and Financing Risks**

The Company has limited financial resources, had no source of operating cash flow and had no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

**Insufficient Financial Resources**

The Company does not presently have sufficient financial resources to meet obligations when they become due, undertake by itself the acquisition, exploration and development of all of its planned acquisition, exploration and development programs. Future property acquisitions and the development of the Company’s properties will therefore depend upon the Company’s ability to obtain financing through the joint venturing of projects, private placement financing, public financing, short or long-term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties.

**General Economic Conditions**

The recent events in global financial markets have had a profound impact on the global economy. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company’s growth and profitability. These factors could have a material adverse effect on the Company’s financial condition and results of operations.

**Share Price Volatility**

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of our Company. The stock market has from time-to-time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

**Management Discussion and Analysis**

**For the three months ended August 31, 2022**

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**Dependence on Others and Key Personnel**

The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its mineral properties; (ii) the ability to produce minerals from any mineral deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities.

**Government Regulation**

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to prospecting, development, production, environmental protection, mining taxes, labor standards, property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

**Competition**

The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

**Fluctuation of Metal Prices**

Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

**Title Matters**

Although the Company has taken steps to verify the title to the mineral properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers and may also be affected by undetected defects or the rights of indigenous peoples. Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties for which titles have been issued are in good standing.

**Uncertainty of Resource Estimates/Reserve**

Unless otherwise indicated, mineralization figures presented in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by Company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable.

**Management Discussion and Analysis**

**For the three months ended August 31, 2022**

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**Limited Experience**

The Company has very limited experience in placing mineral resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource properties into production.

**Speculative Business**

Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There is no known resource, and there are no known reserves, on any of the Company's properties.

**Permits and Licenses**

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out its projects, on reasonable terms or at all. Delays, or a failure to obtain such licenses and permits, or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

**Dilution to the Company's Existing Shareholders**

The Company will require additional equity financing to be raised in the future. The Company may issue securities at less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.