



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED JULY 31, 2022**

**(Expressed in Canadian Dollars)**

## Table of Contents

DATE .....	3
FORWARD-LOOKING INFORMATION .....	3
COMPANY OVERVIEW .....	4
COVID-19 .....	4
DESCRIPTION OF BUSINESS .....	4
CHANGE IN MANAGEMENT .....	9
RESULTS OF OPERATIONS .....	9
SUMMARY OF QUARTERLY INFORMATION .....	11
SELECTED FINANCIAL INFORMATION .....	12
LIQUIDITY AND CAPITAL RESOURCES .....	12
OUTSTANDING SHARE DATA .....	13
RELATED PARTY TRANSACTIONS .....	15
COMMITMENTS .....	16
OFF-BALANCE SHEET ARRANGEMENTS .....	16
CRITICAL ACCOUNTING ESTIMATES .....	16
NEW ACCOUNTING PRONOUNCEMENTS .....	17
FINANCIAL INSTRUMENTS .....	17
OTHER MD&A REQUIREMENTS .....	17

**Tactical Resources Corp.  
Management's Discussion and Analysis  
For the year ended July 31, 2022**

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**DATE**

The following Management's Discussion and Analysis ("MD&A") of Tactical Resources Corp.'s ("Tactical" or the "Company") financial position and results of operations for the year ended July 31, 2022 is prepared as at November 25, 2022. This MD&A should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2022 and the supporting notes. The audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included therein and in the following MD&A are quoted in Canadian dollars.

**FORWARD-LOOKING INFORMATION**

This MD&A contains forward-looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of exploration or other risk factors beyond its control. Actual results may differ materially from the expected results.

Except for statements of historical fact, this MD&A contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this MD&A includes, but is not limited to, the discovery of new mineral resources, mineral resource estimates, the merits of the Company's mineral properties, future studies, and the Company's plans and exploration programs for its mineral properties, including the timing of such plans and programs. Such forward looking statements are subject to certain risks, uncertainties and assumptions of management, which are noted in the paragraph below. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, which are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks, assumptions and other factors that could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in commodity prices; governmental regulation of the mining industry, including environmental regulation; the Company's limited operating history; the Company's negative operating cash flow and dependence on third party financing; the uncertainty of additional funding for the Company; there being no known mineral reserves or mineral resources with respect to the Lac Ducharme Project or the Sierra Blanca Quarry Project, and certain exploration risks; the Company does not own an interest in the Lac Ducharme Project at this time and may be unable to exercise its option to acquire an interest in the Lac Ducharme Project; the Company may fail to obtain all necessary licenses and permits required to carry out its activities; and risks related to the business, operations, and financial condition of the Company arising from COVID-19; unanticipated operating events; stock market volatility, volatility in its share price and lack of a liquid market for its common shares; changes in tax laws and incentive programs relating to the mining industry; and the other factors described herein under "Risks and Uncertainties". Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

**Tactical Resources Corp.**  
**Management's Discussion and Analysis**  
**For the year ended July 31, 2022**

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## **COMPANY OVERVIEW**

Tactical was incorporated under the Business Corporations Act of British Columbia on June 25, 2018. The principal business of the Company is exploration and development of Rare Earth Elements ("REE").

The Company's head office, principal address, registered address and records office is 1055 West Georgia Street, 1500 Royal Centre, PO Box 11117, Vancouver, BC V6E 4N7.

On March 14, 2022 (the "Listing Date"), the Company listed on the Canadian Securities Exchange (the "CSE") under the symbol "RARE".

On June 13, 2022, the Company announced that its common shares are now eligible for electronic clearing and settlement through the Depository Trust Company ("DTC") in the United States. The Company's common shares are quoted in the United States on the OTC Markets under the symbol "USREF".

## **COVID-19**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn.

The Company could be adversely impacted by the effects of the coronavirus. The extent to which the coronavirus impacts the Company, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. The continued spread of the coronavirus globally could materially and adversely impact the Company's operations including, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, and restrictions to its drill programs, exploration and other metallurgical testing. To date, the Company has not had any adverse effects from the coronavirus.

## **DESCRIPTION OF BUSINESS**

Norman Chow, P.Geo. is the designated Qualified Person (QP) under National Instrument 43-101 ("NI 43-101"), with respect to the disclosure of metallurgical scientific and technical reporting regarding the Peak project.

### **SAM Property**

On August 26, 2020, the Company entered into a property option agreement (the "Taiga Agreement") with Taiga Gold Corp. (CSE:TGC) ("Taiga"). Taiga holds a 100% interest in a series of mineral claims located in the Amisk Lake region in the Province of Saskatchewan (the "SAM Property"). Pursuant to the Taiga Agreement, the Company has an option to earn a 60% interest in the SAM Property (the "SAM Option"), subject to a 2% net smelter returns royalty ("NSR"). The Company has the right, at any time prior to commencing commercial production from the Property, to reduce the NSR from 2% to 1% in consideration for a one-time payment to Taiga of \$1,000,000.

In order to exercise the SAM Option, the Company is required to list its shares on any Canadian stock exchange (the "Going Public Transaction"), make cash and share payment to Taiga, and incur property expenditures as follows:

- Cash payment of \$10,000 (paid) upon entering a letter of intent with Taiga;
- Cash payment of \$20,000 (paid) upon the execution of the Taiga Agreement;
- Cash payment of \$20,000 (paid), and the issuance of 150,000 common shares of the Company (issued with a fair value of \$30,000) upon completing the Going Public Transaction, or on December 24, 2020, whichever is

**Tactical Resources Corp.**  
**Management's Discussion and Analysis**  
**For the year ended July 31, 2022**

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- earlier;
- Cash payment of \$20,000 (paid), and the issuance of 50,000 common shares of the Company (issued with a fair value of \$44,500) and incurring \$100,000 in expenditures on the SAM Property (incurred) on or before September 30, 2021;
  - Issuance of 200,000 shares of the Company by the earlier of first anniversary of the Going Public Transaction or March 31, 2022 (issued with a fair value of \$188,000);
  - Cash payment of \$60,000, issuance of an additional 200,000 common shares of the Company and incurring a further \$600,000 in expenditures on the SAM Property by the earlier of the eighteen-month anniversary of the Going Public Transaction or September 30, 2022;
  - Cash payment of \$100,000, issuance of an additional 200,000 common shares of the Company and incurring a further \$800,000 in expenditures on the SAM Property by the earlier of the thirty-month anniversary of the Going Public Transaction or September 30, 2023;
  - Cash payment of \$270,000 or issuing the equivalent value in shares at the election of Taiga, issuance of an additional 200,000 common shares of the Company and incurring a further \$1,000,000 in expenditures on the SAM Property by the earlier of the forty-two-month anniversary of the Going Public Transaction or September 30, 2024; and
  - Incurring a further \$1,500,000 in expenditures on the SAM Property by the earlier of the fifty-four-month anniversary of the Going Public Transaction or September 30, 2025.

The SAM Property is located in the Northern Mining District of east-central Saskatchewan, 15 km west of Flin Flon, Manitoba. The SAM dispositions consist of seven MARS claims covering a total area of 1,005 hectares.

Mineralization on the SAM Property includes both gold and base metal occurrences. There are seven mineral occurrences on the SAM Property documented in the Saskatchewan Mineral Deposit Index (SMDI). Mineralization at the SAM Cu-Zn Zone (SMDI 0311, 1870) is defined as Konuto Lake type and occurs as local disseminations and stringers of pyrite-pyrrhotite, and chalcopyrite over a defined strike length of 200 meters, a width of up to 50 meters, and has been traced to a depth of 200 meters.

Gold mineralization at the Wolverine North and West (SMDI 2226) and Golden Bear Shear Zone (SMDI 2558) is associated with quartz-ankerite veins in strongly sheared metasediments and volcanics. The veins typically carry sulphides (pyrite, pyrrhotite, chalcopyrite) as well as tourmaline, epidote and chlorite.

There is potential for two different deposit types at the SAM property: structurally-controlled mesothermal lode gold and volcanogenic massive sulphide (VMS) base metal.

A first phase of work to define drill targets has been recommended that will include geochemical surveys, mapping and prospecting and non mechanized trenching. The cost for this work is estimated to be \$100,000.

In executing the Taiga Agreement, the Company issued 200,000 common shares with a fair value of \$3,400 for finder's fees.

Subsequent to July 31, 2022, the Company decided to terminate the Taiga Agreement with the consent of Taiga; as a result, during the year ended July 31, 2022, the Company impaired the carrying value of the SAM Property and recognized an impairment loss of \$520,729.

### **Lac Ducharme Project**

On March 1, 2021 (the "Effective Date"), the Company entered into a property option agreement (the "DIG Agreement") with Doctors Investment Group Ltd. ("DIG") which owns 100% of the Lac Ducharme Project (the "Lac Ducharme Project"). Pursuant to the DIG Agreement, the Company has an option to earn 100% interest in the Lac Ducharme Project (the "LDP Option"), subject to a 3% NSR. The Lac Ducharme Project is located in Quebec, Canada.

**Tactical Resources Corp.**  
**Management's Discussion and Analysis**  
**For the year ended July 31, 2022**

The 1,258-hectare Lac Ducharme REE project is found in the mining jurisdiction of northern Quebec within the Manicouagan regional county municipality ("MRC") in the Cote-Nord region of eastern Quebec, 150 kilometres north of Baie-Comeau. The project is located about 40 south of the Manicouagan reservoir and is accessible by all-season roads.

To exercise the LDP Option, the Company is required to make a total cash payment of \$60,000 and issue 510,000 common shares of the Company to DIG as follows:

	Cash payment (\$)	Common shares (#)
On or before the date that is seven days after the LDP Effective Date	30,000 (paid)	60,000 (issued with fair value of \$12,000)
On or before the date that is fourteen months after the LDP Effective Date	30,000 (paid)	100,000 (issued with fair value of \$81,000)
On or before the date that is twenty-eight months after the LDP Effective Date	-	350,000

In addition, the Company is also required to incur \$750,000 in expenditures (the "LDP E&E Expenditures") on Lac Ducharme Project, which was amended on as April 29, 2022 as follows:

	Pre-Amendment (\$)	Post-Amendment (\$)
On or before the date that is fourteen months after the LDP Effective Date	250,000	45,000 (incurred)
On or before the date that is twenty months after the LDP Effective Date	-	55,000
On or before the date that is twenty-eight months after the LDP Effective Date	500,000	650,000

At any time during the term of the DIG Agreement, the Company shall have the right to accelerate the cash payments, share issuances or expenditures.

The Company shall have the right to purchase one-third of the NSR from DIG at any time after the LDP Option has been exercised for a one-time consideration of \$1,000,000.

In executing the DIG Agreement, the Company issued 10,000 common shares with a fair value of \$2,000 for finder's fees, which was capitalized to exploration and evaluation assets.

On August 23, 2022, the Company announced that a geophysical survey was performed on the Lac Ducharme Project and consisted of a magnetometer and radiometric program over the two historic showings on the property.

On September 30, 2022, the Company announced the filing of a technical report prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects for the Lac Ducharme Project.

**Tactical Resources Corp.**  
**Management's Discussion and Analysis**  
**For the year ended July 31, 2022**

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**Sierra Blanca Quarry Project**

On July 14, 2021, the Company entered into an assignment and assumption agreement (the "SBQ Assignment Agreement") with Peak 6891 LLC ("Peak"). Peak is party to an agreement dated June 1, 2021 with Sierra Blanca Quarry, LLC ("SBQ LLC"), Dennis Walker and Becky Dean Walker (the "SBQ Offtake Agreement"), pursuant to which Peak was granted the rights to acquire certain crushed ore and tailings materials extracted by SBQ LLC from the Sierra Blanca Quarry, located in Hudspeth County in the State of Texas. Pursuant to the SBQ Assignment Agreement, on August 11, 2021, (the "SBQ Closing Date"), Peak assigned all of its rights and obligations under the SBQ Offtake Agreement to the Company.

The Peak project found within the Sierra Blanca Complex is located 68 miles southeast of El Paso, Texas. The project is located within the Sierra Blanca Quarry which is currently operational in the production of ballast material for the Union Pacific railway.

In consideration for the SBQ Assignment Agreement, on the SBQ Closing Date, the Company issued 1,000,000 common shares ("SBQ Consideration Shares") (issued with a fair value of \$200,000), which have been capitalized to deferred acquisition costs. As of July 31, 2022 and 2021, the Company has not completed the acquisition of crushed ore or tailings materials and accordingly the costs incurred are recorded as deferred acquisition costs.

As further consideration for the SBQ Assignment Agreement, following the SBQ Closing Date, the Company is committed to the following additional payments which will be satisfied through the issuance of common shares of the Company (collectively, the "SBQ Milestone Shares"):

- a) \$250,000 upon receipt by the Company or any affiliate of a building permit and completion of construction bid set, including applicable specifications for construction, execution, operation and commercial production, for a facility (a "SBQ Processing Facility") to process material acquired by the Company pursuant to the SBQ Offtake Agreement, or any successor agreement;
- b) \$156,250 for each US\$2,000,000 of government grants received by the Company or any affiliate, in connection with the development and operation of the SBQ Processing Facility, to a maximum of \$1,171,875 provided that the final payment will be reduced in the event the maximum threshold has been reached;
- c) \$50,000 for each US\$2,000,000 of government loan guarantees received by the Company or any affiliate, in connection with the development and operation of the SBQ Processing Facility, to a maximum of \$625,000, provided that the final payment will be reduced in the event the maximum threshold has been reached;
- d) \$500,000 upon the Company or any affiliate reaching a decision to commence commercial production of HREE oxides or other refined metals at the SBQ Processing Facility; and
- e) \$250,000 upon the Company or any affiliate entering into a binding agreement to acquire commercial offtake material produced by the SBQ Processing Facility.

On July 14, 2021, in connection with the SBQ Assignment Agreement, the Company entered into an agreement ("SBQ Finders' Fee Agreement") with Oasis SB Inc. ("Oasis" or the "Finder"). Oasis introduced the transaction contemplated by the SBQ Assignment Agreement and assisted the Company in facilitating the transaction. In consideration of the Finders' services, the Company has agreed to pay the Finder a fee (the "Finders' Fee") consisting of 50,000 common shares of the Company ("Oasis Finders' Shares"). The Oasis Finders' Shares were issued during the year ended July 31, 2022 with a fair value of \$10,000, which have been included in capitalized deferred acquisition costs.

The SBQ Consideration Shares and the Oasis Finders' Shares issued are subject to an escrow arrangement

**Tactical Resources Corp.**  
**Management's Discussion and Analysis**  
**For the year ended July 31, 2022**

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On July 30, 2021, the Company and SBQ LLC entered into a purchase and sale agreement ("SBQ P&S Agreement") to replace the SBQ Offtake Agreement. SBQ LLC owns and operates a surface metal mine that specializes in rhyolite, granite and other similar igneous rock, that is located in Sierra Blanca, Texas (the "Mine").

SBQ LLC has generated a stockpile located on the Surface Area that contains a minimum of 4 million tons of tailings (the "Tailings"). SBQ LLC has agreed to sell to the Company, the Tailings, in amounts selected by SBQ LLC, in its sole discretion, all on and subject to the terms and conditions of the SBQ P&S Agreement.

Delivery Schedule

- (i) A maximum of 45 days after commercial production decision and before November 30 of each calendar year, SBQ LLC shall advise the Company of the amount of Tailings that shall be available for purchase. The Company also has the option to purchase additional Tailings mined from the premises as and when the same become available on the same terms and conditions as set forth in the SBQ Agreement.
- (ii) A maximum of 15 days after the date set forth in Delivery Schedule (i) above, the Company shall advise SBQ LLC of the amount of Tailings the Company shall purchase for the remainder of the calendar year, or the upcoming calendar year, subject to the following maximum amounts:
  - o 600,000 tons in Calendar Year 2021,
  - o 1,300,000 tons in Calendar Year 2022,
  - o 1,300,000 tons in Calendar Year 2023, and
  - o 1,300,000 tons in Calendar Year 2024.

During the years ended July 31, 2022 and 2021 and as of the date of this MD&A, no Tailings were purchased by the Company.

On May 13, 2022, the Company entered into an amendment of the SBQ P&S Agreement (the "Amended SBQ P&S Agreement") to provide an option to the Company to purchase all of the membership interest of SBQ LLC or partially of the membership interest of SBQ LLC with the consent of Dennis Walker and Becky Dean Walker on or before July 31, 2026. The purchase price of the membership interest of SBQ LLC will be determined by the Company and SBQ LLC based on the fair market value of SBQ LLC.

During the year ended July 31, 2022 and 2021, the Company expensed \$235,794 and \$27,781 in property investigation costs related to the Sierra Blanca Quarry Project. These costs were incurred to evaluate the Sierra Blanca Quarry Project and to assess the potential of processing the Tailings into rare earth metals.

On June 7, 2022, the Company announced that it is planning exploration and metallurgy test work on the Peak materials as part of the initial development work program.

On June 23, 2022, the Company initiated work to complete an independent NI 43-101 report on the Peak project and engaged Apex Geoscience Ltd. to provide services to complete a geological introduction technical report.

Tactical engaged Kemetco Research inc., as announced on July 20, 2022, to provide metallurgical test work services in support of the Company's REE extraction and technological development plans for the Peak project.

On July 28, 2022, the Company appointed Turnstone Metallurgical Services to undertake a lead role in the development of REE extraction and processing technologies.

On August 11, 2022, the Company hired the services of Mr. Thristian Michel as Project Manager of Texas Operations.

**Tactical Resources Corp.**  
**Management's Discussion and Analysis**  
**For the year ended July 31, 2022**

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On August 23, 2022, the Company provided an updated on the Peak project including completion of field sample collection and the progress of the initial metallurgical testing phase.

On September 9, 2022, the Company announced the initiation of activities in the performance of a preliminary economic assessment ("PEA") at the Peak project. The Company has engaged the services of Forte Dynamics Inc. to undertake the PEA planning efforts. The PEA work plan development efforts include a full assessment of data being compiled to complete a proposed NI 43-101 technical report on the Peak project.

#### **CHANGE IN MANAGEMENT**

On April 7, 2022, the Company announced the appointment of Mr. Steve Vanry as an advisor to the board of directors.

On September 7, 2022, Mr. Abhishek Tamot stepped down as director of the Company and Mr. J. Garry Clark was elected as director of the Company.

On September 30, 2022, the Company announced the appointment of Mr. Mark Mukhija as director of the Company.

#### **RESULTS OF OPERATIONS**

##### **Three months ended July 31, 2022**

The Company is in the exploration stage and has no revenue from operations. During the three months ended July 31, 2022, the Company recorded a net loss of \$1,655,751 compared to \$759,367 for the three months ended July 31, 2021. The increase in net loss was a result of the Company's activities on the SAM Property, Lac Ducharme Project and Sierra Blanca Quarry Project, financing activity and increased business activity.

During the three months ended July 31, 2022, the Company incurred the following expenditures:

- Consulting fees of \$186,652 (July 31, 2021 - \$213,415), including payments to the following:
  - 1323552 BC Ltd (related party) for CEO services of \$30,000 (July 31, 2021 - \$20,000);
  - SVK Metrix Inc. (related party) for technical services of \$30,000 (July 31, 2021 - \$55,100);
  - Pine Tree Partners Inc. for consulting fees of \$nil (July 31, 2021 - \$15,000 (related party));
  - F2 Florida LLC for capital markets, corporate finance and advisory services of \$30,673 (July 31, 2021 - \$nil);
  - Geomax Consulting for project due diligence assistance of \$26,678 (July 31, 2021 - \$30,772);
  - 727 Consulting Ltd for consulting fees of \$22,500 (July 31, 2021 - \$nil);
  - Backcountry Capital Corp Ltd for corporate development consulting services of \$18,000 (July 31, 2021 - \$6,000).
- General and administrative of \$52,971 (July 31, 2021 - \$38,516), which included the following:
  - Insurance of \$5,004 (July 31, 2021 - \$556);
  - Promotional activities of \$14,319 (July 31, 2021 - \$14,991);
  - Office expenses of \$31,439 (July 31, 2021 - \$17,499);
  - Rent of \$19,110 (July 31, 2021 - \$nil);
- Investor relations of \$339,774 (July 31, 2021 - \$202,292), including payments to the following:
  - Promethean Marketing for creative development for a marketing campaign of \$235,103 (July 31, 2021 - \$nil);
  - TD Media LLC for marketing and advertising campaign of \$64,980 (July 31, 2021 - \$nil);
  - Empire Communications Group for investor relation services of \$23,687 (July 31, 2021 - \$22,500);
  - Fortuna Investments Corp for investor relations services of \$7,081 (July 31, 2021 - \$15,692).

**Tactical Resources Corp.**  
**Management's Discussion and Analysis**  
**For the year ended July 31, 2022**

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- Property investigation costs of \$235,794 (July 31, 2021 - \$27,781) for costs incurred related to the Sierra Blanca Quarry Project;
- Professional fees of \$68,539 (July 31, 2021 - \$262,981), including payments to the following:
  - Quantum Advisory Partners LLP (related party) for CFO and accounting services of \$24,960 (July 31, 2021 - \$38,480);
  - Cassels Brock & Blackwell LLP for legal fees of \$5,271 (July 31, 2021 - \$130,179);
  - Manning Elliott LLP for audit, review and tax services of \$12,500 (July 31, 2021 - \$22,500);
  - Scott McLeod Law Corp. for legal fees of \$19,260 (July 31, 2021 - \$nil).
- Share-based payments of \$217,598 (July 31, 2021 - \$nil); and
- Transfer agent, regulatory and listing fees of \$27,063 (July 31, 2021 - \$7,500), including payments to the following:
  - Odyssey Trust Company for transfer agent fees of \$21,862 (July 31, 2021 - \$nil);
  - Listing fees to CNSX Markets Inc of \$3,150 (July 31, 2021 - \$nil).

Subsequent to July 31, 2022, the Company decided to terminate the Taiga Agreement with the consent of Taiga; as a result, during the year ended July 31, 2022, the Company impaired the carrying value of the SAM Property and recognized an impairment loss of \$520,729.

**Year ended July 31, 2022**

The Company is in the exploration stage and has no revenue from operations. During the year ended July 31, 2022, the Company recorded a net loss of \$4,138,559 compared to \$951,322 for the year ended July 31, 2021. The increase in net loss was a result of the Company's activities on the SAM Property, Lac Ducharme Project and Sierra Blanca Quarry Project, financing activity and increased business activity.

During the year ended July 31, 2022, the Company incurred the following expenditures:

- Consulting fees of \$754,269 (July 31, 2021 - \$238,415), including payments to the following:
  - 1323552 BC Ltd (related party) for CEO services of \$120,000 (July 31, 2021 - \$20,000);
  - SVK Metrix Inc. (related party) for technical services of \$116,400 (July 31, 2021 - \$55,100);
  - Pine Tree Partners Inc. (related party) for consulting services of \$30,000 (July 31, 2021 - \$15,000);
  - Geomax Consulting for project due diligence assistance of \$119,348 (July 31, 2021 - \$30,772);
  - Backcountry Capital Corp. for corporate development services of \$72,000 (July 31, 2021 - \$nil);
  - F2 California, LLC for capital markets, corporate finance and advisory advice of \$45,547 (July 31, 2021 - \$nil);
  - 1143373 BC Ltd. for consulting services of \$40,000 (July 31, 2021 - \$15,000);
  - F2 Florida LLC for capital markets, corporate finance and advisory advice of \$30,673 (July 31, 2021 - \$nil).
- General and administrative of \$259,911 (July 31, 2021 - \$57,950), which included the following:
  - Insurance of \$16,066 (July 31, 2021 - \$556);
  - Promotional activities of \$42,995 (July 31, 2021 - \$16,463);
  - Office expenses of \$159,986 (July 31, 2021 - \$35,344);
  - Rent of \$19,110 (July 31, 2021 - \$nil);
- Investor relations of \$725,815 (July 31, 2021 - \$237,292), including payments to the following:
  - Promethean Marketing Inc. for creative development for a marketing campaign of \$298,739 (July 31, 2021 - \$nil);
  - CDMG Inc. for assistance with designing investor relations campaign of \$152,393 (July 31, 2021 - \$nil);
  - Empire Communications Group for investor relation services of \$91,187 (July 31, 2021 - \$37,500);
  - TD Media LLC for marketing and advertising campaign of \$64,980 (July 31, 2021 - \$nil);
  - PRmediaNow for public relations and media outreach services of \$24,000 (July 31, 2021 - \$nil);
  - Danayi Capital Corp. for digital consulting and online advertising of \$23,000 (July 31, 2021 - \$17,250).

**Tactical Resources Corp.**  
**Management's Discussion and Analysis**  
**For the year ended July 31, 2022**

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- Property investigation costs of \$235,794 (July 31, 2021 - \$27,781) for costs incurred related to the Sierra Blanca Quarry Project;
- Professional fees of \$425,314 (July 31, 2021 - \$370,502), including payments to the following:
  - Quantum Advisory Partners LLP (related party) for CFO and accounting services of \$111,540 (July 31, 2021 - \$38,480);
  - Cassels Brock & Blackwell LLP for legal fees of \$136,833 (July 31, 2021 - \$213,313);
  - Manning Elliott LLP for audit, review and tax services of \$60,000 (July 31, 2021 - \$46,250);
  - Scott McLeod Law Corp. for legal fees of \$90,200 (July 31, 2021 - \$nil).
- Share-based payments of \$1,090,679 (July 31, 2021 - \$nil); and
- Transfer agent, regulatory and listing fees of \$84,521 (July 31, 2021 - \$12,500), including payments to the following:
  - Odyssey Trust Company for transfer agent fees of \$21,862 (July 31, 2021 - \$nil);
  - Listing fees to CNSX Markets Inc of \$13,150 (July 31, 2021 - \$5,000);
  - OTC Advisory Services for market application submission of \$30,162 (July 31, 2021 - \$nil).

Subsequent to July 31, 2022, the Company decided to terminate the Taiga Agreement with the consent of Taiga; as a result, during the year ended July 31, 2022, the Company impaired the carrying value of the SAM Property and recognized an impairment loss of \$520,729.

**SUMMARY OF QUARTERLY INFORMATION**

The quarterly results for the last eight quarters are summarized below:

	<b>Three months ended</b>			
	<b>July 31, 2022</b>	<b>April 30, 2022</b>	<b>January 31, 2022</b>	<b>October 31, 2021</b>
	\$	\$	\$	\$
Net revenue	Nil	Nil	Nil	Nil
Net loss	(1,655,751)	(1,291,810)	(533,624)	(657,374)
Basic and diluted loss per share	(0.08)	(0.06)	(0.01)	(0.05)

	<b>Three months ended</b>			
	<b>July 31, 2021</b>	<b>April 30, 2021</b>	<b>January 31, 2021</b>	<b>October 31, 2020</b>
	\$	\$	\$	\$
Net revenue	Nil	Nil	Nil	Nil
Net loss	(759,367)	(160,866)	(20,214)	(10,875)
Basic and diluted loss per share	(0.06)	(0.01)	(0.00)	(0.00)

None of the variations in net loss reported in the previous periods were unusual or indicative of any trend with respect to the future when the Company expects to have more involvement in revenue-generating operations. Fluctuations reported were the result of the level of activity of the Company in each given reporting period.

**Tactical Resources Corp.**  
**Management's Discussion and Analysis**  
**For the year ended July 31, 2022**

**SELECTED FINANCIAL INFORMATION**

	For the years ended		
	July 31, 2022	July 31, 2021	July 31, 2020
	\$	\$	\$
Finance income	-	-	-
Operating expenses	4,138,559	951,322	7,343
Net loss	(4,138,559)	(951,322)	(7,343)
Basic and diluted loss per share	(0.20)	(0.07)	(7,342.61)

  

<i>As at:</i>	July 31, 2022	July 31, 2021	July 31, 2020
	\$	\$	\$
Total assets	3,282,852	4,960,830	16,607
Long-term financial liabilities	Nil	Nil	Nil
Cash dividend per share	Nil	Nil	Nil

The fluctuation in operating costs and corporate costs is attributable to variations in various expense items, such as consulting fees, investor relations, professional fees, and general and administrative expenses, which occur due to the administrative and fund-raising activities occurring during a particular period and to the availability of funds in those periods to pay for those activities. There is no seasonality to these variations, nor are they indicative of any trend. As the Company became more active and undertook fund-raising activities during the year ended July 31, 2021 and subsequently continued exploration activities into the July 31, 2022 fiscal year, the related expenditures and total assets increased compared to prior periods.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company's activities have been funded through equity financings and the Company expects it will continue to be able to utilize this source of financing until it develops cash flow from future operations.

The Company has no revenue-producing operations. As at July 31, 2022, the Company had accumulated losses of \$5,109,388. As at July 31, 2022, the Company had a working capital of \$2,504,788 (July 31, 2021 - \$4,445,633), including cash of \$2,314,839 (July 31, 2021 - \$4,617,481). Except for property expenditures on the Lac Ducharme Project and the Sierra Blanca Quarry Project, the Company does not have any commitments for capital expenditures.

The Company received aggregate net proceeds of \$5,287,745 from the issuance of special warrants after deducting \$425,255 in broker fees, advisory fees, corporate finance fees and certain expenses of the agent in relation to the issuance of special warrants. The principal purposes for the proceeds of the issuance of 5,713,000 Common Shares and 2,856,500 Warrants on the conversion of 5,713,000 Special Warrants is to continue to advance the exploration and development of the SAM Property and the Lac Ducharme Project. Additionally, the Company intends to conduct a sampling and assaying program of the existing tailings at the Sierra Blanca Quarry. To date, the funds raised from the issuance of special warrants have been used for general and administrative expenses and to complete work programs on the SAM Property and the Lac Ducharme Project.

The Company's business objectives using the available funds are to (i) continue to advance the exploration and development of the Lac Ducharme Project as described in the Lac Ducharme Property Technical Report; (ii) make the required payments, share issuances and incur the required exploration costs in order to acquire the 100% interest in the Lac Ducharme Project pursuant to the Lac Ducharme Property Option Agreement; and (iii) evaluate the existing tailings at the Sierra Blanca Quarry and acquire an exclusive option to purchase all or part of the membership interest of the Peak project.

**Tactical Resources Corp.**  
**Management's Discussion and Analysis**  
**For the year ended July 31, 2022**

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The Company is dependent on external financing, including equity issuances and debt financing, to fund its activities. Management will determine whether to accept any offer for financing, weighing such factors as the financing terms, the results of exploration, share price at the time and current market conditions, among others. Circumstances that could impair the Company's ability to raise additional funds include general economic conditions, and the other factors set forth below under "Risk Factors".

On an ongoing basis, management evaluates and adjusts its planned level of activities, including planned, exploration and committed administrative costs, to maintain adequate levels of working capital.

There can be no assurances the Company will be successful in its endeavors. If such funds are not available or other sources of financing cannot be obtained then the Company will be forced to curtail its activities to a level for which funding is available or can be obtained.

#### **OUTSTANDING SHARE DATA**

At July 31, 2022, the Company had 28,042,725 common shares issued and outstanding (July 31, 2021 – 14,357,500) with a value of \$6,565,319 (July 31, 2021 - \$310,490).

#### **Escrow shares**

Certain common shares and warrants issued by the Company are subject to either an escrow agreement entered into on February 28, 2022 (the "Escrow Agreement"), or contractual restrictions on transfer. Those common shares and warrants will be released from escrow as follows:

- For the 13,800,000 common shares issued in connection with the non-brokered private placement financing completed on August 3, 2020, 13,371,580 common shares which are held by non-related parties of the Company are subject to a 12-month escrow, with 20% of such common shares released from escrow on the Listing Date, with an additional 20% of the Common Shares released from escrow every three months thereafter.

428,150 common shares which are held by related parties of the Company are subject to a 36-month escrow pursuant to the Escrow Agreement, with 10% of such common shares released from escrow on the Listing Date, with an additional 15% of the Common Shares released from escrow over the 36-months following the Listing Date.

- Shares issued through the exercise of the 13,800,000 warrants issued in connection with the non-brokered private placement financing completed on August 3, 2020, 13,372,475 warrants which are held by non-related parties of the Company are subject to an escrow arrangement for four months from the Listing Date, with 20% of the securities released from escrow on the Listing Date and an additional 20% every month thereafter.

427,525 warrants which are held by related parties of the Company are subject to a 36-month escrow pursuant to the Escrow Agreement, with 10% of such common shares released from escrow on the Listing Date, with an additional 15% of the Common Shares released from escrow over the 36-months following the Listing Date.

- The 9,772,020 warrants issued on April 16, 2021 are subject to an escrow arrangement for a period of twelve months from the Listing Date, during which time the warrants, and any common shares issued upon the exercise of the warrants, may not be traded, transferred, assigned or otherwise encumbered without the prior consent of the CSE.

**Tactical Resources Corp.**  
**Management's Discussion and Analysis**  
**For the year ended July 31, 2022**

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- The 1,000,000 SBQ Consideration Shares and the 50,000 Oasis Finders' Shares (Note 4) are subject to a contractual escrow arrangement such that 20% of such shares will be released on August 11, 2022 and an additional 20% every three months thereafter.

**During the year ended July 31, 2022:**

- On August 11, 2021, the Company issued the SBQ Consideration Shares and Finders' Shares with a fair value of \$200,000 and \$10,000, respectively, pursuant to the SBQ Assignment Agreement and Finders' Fee Agreement of the Sierra Blanca Quarry Project.
- On September 14, 2021, the Company issued 5,713,000 common shares and 2,856,500 warrants upon exercise of the special warrants which were issued on May 13, 2021.
- On September 30, 2021, the Company issued 50,000 common shares with a fair value of \$44,500 pursuant to the Taiga Agreement.
- On November 30, 2021, the Company cancelled 219,950 warrants of the 9,991,970 warrants issued on April 16, 2021 and refunded the proceeds of \$220 to the warrant holders; these warrants were issued to related parties. In addition, the Company revised the exercise price of the remaining warrants (9,772,020 warrants) from \$0.20 to \$0.25 and revised the expiry date to October 27, 2022.
- On March 15, 2022, the Company granted a total of 1,900,000 incentive stock options to certain officers, directors and consultants of the Company in accordance with the Plan. The options vest immediately and are exercisable at a price of \$1.04 for a period of twenty-four months.
- On April 7, 2022, the Company issued 200,000 common shares with a fair value of \$188,000 pursuant to the Taiga Agreement.
- On May 1, 2022, the Company issued 100,000 common shares with a fair value of \$81,000 pursuant to the DIG Agreement.
- 6,572,225 warrants were exercised for gross proceeds of \$657,223.
- No restricted share units ("RSU's") were granted, exercised or cancelled.

**Subsequent to July 31, 2022:**

- 7,631,755 warrants were exercised for gross proceeds of \$823,773 of which \$175,278 was received during the year ended July 31, 2022.
- 100,000 options were granted with an exercise price of \$1.04.
- 9,368,040 warrants expired unexercised.

As of the date of this MD&A, the Company had:

- 35,674,480 common shares issued and outstanding;

**Tactical Resources Corp.**  
**Management's Discussion and Analysis**  
**For the year ended July 31, 2022**

- 3,197,285 warrants with an exercise price ranging from \$1.25 to \$2.50. Each full warrant is convertible into one common share; in total the outstanding warrants, if all were converted, would result in 26,428,520 common shares of the Company being issued; and
- 2,000,000 stock options with an exercise price of \$1.04.

**RELATED PARTY TRANSACTIONS**

Key management personnel include persons having the 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 executive and non-executive members of the Company's Board of Directors and corporate officers.

The Company's related parties as defined by IAS 24, Related Party Disclosures, include the following directors, executive officers, key management personnel, and enterprises which are controlled by these individuals:

<b>Related Party</b>	<b>Relationship</b>
Ranjeet Sundher	CEO and Director
Alnesh Mohan	CFO
Matt Chatterton	Director
Kuljit (Jeet) Basi	Director
J. Garry Clark	Director
Mark Mukhija	Director
Abhishek Tamot	Former Director
Yana Popova	Former CFO and Director
1323552 BC Ltd.	A company in which the CEO is a principal
Quantum Advisory Partners LLP	A partnership in which the CFO is a partner
SVK Metrix Inc.	A company in which a director is a principal
Pine Tree Partners Inc.	A company in which a former director is a principal
1143373 BC Ltd.	A company in which the former CFO is a principal

The Company entered into the following transactions with related parties during the year ended July 31, 2022:

	<b>For the year ended</b>	
	<b>July 31, 2022</b>	<b>July 31, 2021</b>
	<b>\$</b>	<b>\$</b>
<b>Ranjeet Sundher, CEO and Director</b>		
Consulting fees <sup>(1)</sup>	120,000	20,000
Share-based payments	28,702	-
	<b>148,702</b>	<b>20,000</b>
<b>Alnesh Mohan, CFO</b>		
Professional fees <sup>(2)</sup>	111,540	38,480
Share-based payments	28,702	-
	<b>140,242</b>	<b>38,480</b>
<b>Kuljit (Jeet) Basi, Director</b>		
Consulting fees <sup>(3)</sup>	116,400	55,100
Exploration and evaluation assets <sup>(3)</sup>	-	60,000
Share-based payments	28,702	-
	<b>145,102</b>	<b>115,100</b>

**Tactical Resources Corp.**  
**Management's Discussion and Analysis**  
**For the year ended July 31, 2022**

<b>Matt Chatterton, Director</b>		
Share-based payments	28,702	-
<b>Abhishek Tamot, Former Director</b>		
Consulting fees <sup>(4)</sup>	30,000	15,000
Share-based payments	14,351	-
	44,351	15,000
<b>Yana Popova, former CFO and Director</b>		
Consulting fees <sup>(5)</sup>	-	15,000
	-	15,000
<b>Total</b>	<b>507,099</b>	<b>203,580</b>

(1) \$110,000 paid to 1323552 BC Ltd.

(2) Paid to Quantum Advisory Partners LLP. Fees consist of CFO, financial reporting and accounting support services.

(3) Paid to SVK Metrix Inc.

(4) Paid to Pine Tree Partners Inc.

(5) Paid to 1143373 BC Ltd.

All related party transactions are carried out in the normal course of operation and are recorded at fair value.

The balances due to the Company's directors and officers included in accounts payable and accrued liabilities were \$89,222 as at July 31, 2022 (July 31, 2021 - \$69,115), including amounts owed to the following:

- SVK Metrix Inc.: \$83,500
- Quantum Advisory Partners LLP: \$5,722

The amounts due to related parties are unsecured, non-interest bearing and payable on demand.

#### **COMMITMENTS**

The Company is committed to certain cash payments and share issuances under the property option agreements as described under Description of Business.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not utilize off-balance sheet arrangements.

#### **CRITICAL ACCOUNTING ESTIMATES**

These financial statements, including comparatives, have been prepared using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information. Refer to Note 2 of the audited financial statements for the year ended July 31, 2022 for details on critical accounting estimates and judgments.

## **NEW ACCOUNTING PRONOUNCEMENTS**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB and IFRIC that are mandatory for accounting periods beginning on or after August 1, 2022. The Company does not expect that any new or amended standards or interpretations that are effective for annual periods beginning on or after August 1, 2022 will have a significant impact on the Company's results of operations or financial position.

## **FINANCIAL INSTRUMENTS**

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in various tables in note 10 of our audited financial statements for the year ended July 31, 2022. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2 of the financial statements for the year ended July 31, 2022.

## **OTHER MD&A REQUIREMENTS**

### **Management's responsibility for financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Risks and uncertainties**

- **Financing risks**  
Additional funds may be required in the future to finance exploration and development work. The Company has access to funds through the issuance of additional equity and borrowing. There can be no assurance that such funding will be available to the Company under current economic conditions. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favourable to the Company or that it will provide the Company with sufficient funds to meet its objectives, which could adversely affect the Company's business and financial condition.
- **Title to properties**  
The Company will diligently investigate all title matters concerning the ownership of all mining claims and plans to do so for all new claims and rights to be acquired. The Company's options to acquire mining properties may be affected by undetected defects in title, such as the reduction in size of the mining titles and other third-party claims affecting the Company's interests. Maintenance of such interests is subject to ongoing compliance with the terms governing such mining titles. Mining properties sometimes contain claims or transfer histories that examiners cannot verify. Upon the exercise of its option, a successful claim that the Company does not have title to any of its mining properties could cause the Company to lose any rights to explore, develop, and extract any ore on that property, without compensation for its prior expenditures relating to such property.
- **Option to acquire the property**  
The Company does not own an interest in the Lac Ducharme Project at this time. Rather, the Company holds a 100% interest in the Lac Ducharme Project, and as such there is the risk that the Company (i) will be unable to exercise the LDP Option due to lack of funds; (ii) will be unwilling to exercise the Lac Ducharme Property

**Tactical Resources Corp.**  
**Management's Discussion and Analysis**  
**For the year ended July 31, 2022**

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if to do so would be considered not in the best interests of the Company at that time; or (iii) will otherwise be in breach of the LDP Option Agreement; which could result in the complete loss of any interest in the Lac Ducharme Project. Failure to exercise the option may have a material adverse effect on the Company's business.

- **Permits and licenses**

The operations of the Company will require licences and permits from various governmental and non-governmental authorities. The Company will obtain all necessary licences and permits required to carry on with activities which it proposes to conduct under applicable laws and regulations. However, such licences and permits are subject to changes in regulations and in various operating circumstances. There can be no assurance that the Company will be able to obtain all necessary licences and permits required to carry out exploration, development, and extraction operations on its mining properties. See "The Lac Ducharme Project".

- **Environmental and other regulatory requirements**

Environmental and other regulatory requirements will affect the future operations of the Company, including exploration and development activities and commencement of production on the Company's mining properties. Such projects will require permits from various federal and local governmental authorities and such operations are and will be governed by laws and regulations governing exploration, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety, and other matters. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. Companies engaged in the development and operation of mines and related facilities often experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations, and permits.

Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the Company's mining properties and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development, or operation of ore extraction facilities at the Company's mining properties on terms which enable operations to be conducted at economically justifiable costs. See "The Lac Ducharme Project".

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and environmental laws.

Amendments to current laws, regulations, and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of new mining properties.

- **First Nations issues**

Aboriginal and treaty rights in Canada, as well as related consultation issues, may impact the Company's ability to conduct exploration, development and mining activities on the Lac Ducharme Project in Quebec.

**Tactical Resources Corp.**  
**Management's Discussion and Analysis**  
**For the year ended July 31, 2022**

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The legal requirements associated with aboriginal and treaty rights in Canada, including aboriginal title and land claims, are complex and constantly evolving. While the decision of the Supreme Court of Canada in *Tsilhqot'in Nation v. British Columbia* (2014 SCC 44) provided additional clarity in relation to the scope and content of aboriginal title in Canada, there remains considerable uncertainty about how aboriginal title claims will be reconciled with other interests in land. The federal government has also recently introduced proposed legislation to implement the United Nations Declaration on the Rights of Indigenous Peoples in Canada, the impacts of which may not be fully understood for some time. There can be no assurance that aboriginal and treaty rights claims and related consultation issues, including outstanding land claims, will not arise on or impact the Lac Ducharme Project. These legal requirements and the risk of Indigenous Peoples' opposition may increase the Company's operating costs and affect ability to carry on business.

- **Exploration Risks**

The Lac Ducharme Project is in the early exploration stage and is without a known body of commercially exploitable resources. Exploration for mineral resources involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The risks and uncertainties inherent in exploration activities include but are not limited to: general economic, market and business conditions, the regulatory process and actions, failure to obtain necessary permits and approvals, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events, and management's capacity to execute and implement its future plans. The discovery of mineral deposits is dependent upon several factors, not the least of which are the technical skills of the exploration personnel involved and the capital required for the programs. The cost of conducting exploration programs may be substantial and the likelihood of success is difficult to assess. There is no assurance that the Company's mineral exploration activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that even if commercial quantities of ore are discovered that a new ore body will be developed and brought into commercial production. The commercial viability of a mineral deposit once discovered is also dependent upon several factors, most of which factors are beyond the control of the Company and may result in the Company not receiving adequate return on investment capital.

- **SBQ Agreement**

The Company has not yet completed a work program on the tailings acquired pursuant to the SBQ Agreement, and there is no guarantee that such tailings will have economically recoverable REEs.

- **Risk of global outbreaks and contagious diseases**

The risk of global outbreaks, including COVID-19, have the potential to significantly and adversely impact the Company's operations and business. On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic. The Company is continuously evaluating the uncertainty and impact of the outbreak on the Company and its ability to operate due to employee absences, the length of travel and quarantine restrictions imposed by governments of affected countries, disruption in the Company's supply chains, information technology constraints, government interventions, market volatility, overall economic uncertainty and other factors currently unknown and not anticipated.

There can be no certainty that COVID-19, or other infectious illness, and the restrictive measures implemented to slow the spread of the virus will not materially impact the Company's operations or personnel in the coming weeks and months. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business, results of operations or ability to raise funds at this time.