

**GOLD STATE RESOURCES INC. (FORMERLY  
CYON EXPLORATION LTD.)**

**Management's Discussion & Analysis**

**For the Year Ended  
March 31, 2022**  
(the "Year")

## Cautionary Notices

*The Company’s unaudited financial statements for the Year, and this accompanying management’s discussion and analysis (“MD&A”) contain statements that constitute “forward-looking statements” within the meaning of National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators. Forward-looking statements often, but not always, are identified by the use of words such as “seek”, “anticipate”, “believe”, “plan”, “estimate”, “expect”, “targeting” and “intend” and statements that an event or result “may”, “will”, “should”, “could”, or “might” occur or be achieved and other similar expressions. Forward-looking statements in this MD&A include statements regarding the Company’s future exploration plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. The forward-looking statements that are contained in this MD&A involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Some of these risks and uncertainties are identified under the heading “Risks Related to the Company’s Business” in this MD&A. Additional information regarding these factors and other important factors that could cause results to differ materially may be referred to as part of particular forward-looking statements. The forward-looking statements are qualified in their entirety by reference to the important factors discussed under the heading “Risks Related to the Company’s Business” and to those that may be discussed as part of particular forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause the actual results to differ include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.*

## Introduction

The management’s discussion and analysis (“MD&A” or “Report”) of Gold State Resources Inc. (the “Company” or “Gold State”) has been prepared by management in accordance with the requirements under National Instrument 51-102 – *Continuous Disclosure Obligations* as at July 28, 2022 (the “Report Date”), and provides comparative analysis of the Company’s financial results for the Year. The following information should be read in conjunction with the Company’s audited consolidated financial statements for the year ended March 31, 2022 (collectively, the “Financial Statements”). Unless otherwise indicated, all dollar amounts in this document are in Canadian dollars.

The Financial Statements, together with this MD&A, are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as potential future performance, and are not necessarily indicative of the results that may be expected in future periods. The information in the MD&A may contain forward-looking statements, and the Company cautions investors that any forward looking statements by the Company are not guarantees of future performance, as they are subject to significant risks and uncertainties that may cause projected results or events to differ materially from actual results or events. Please refer to the risks and cautionary notices of this MD&A. Additional information relating to the Company may be found at [www.sedar.com](http://www.sedar.com).

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable.

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. 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 or ability to raise funds.

## **Description of Business, Overall Performance, and Projects**

The Company is a mineral exploration company engaged in the acquisition, exploration and development of mineral properties in North America, primarily in Nevada, USA. The Company is a reporting issuer in British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol GOST.

On September 21, 2020, the Company consolidated its share capital on a six to one basis. These condensed interim consolidated financial statements reflect the share consolidation.

At any given time, the Company may have a number of projects at various stages of exploration and partnership or joint venture participation. The discussion below provides summary information in respect of the Company’s mineral properties and the activity thereon. Refer to the Company’s news releases filed on [www.sedar.com](http://www.sedar.com), for additional exploration updates. The commitments in respect of consideration to be paid or received on acquisition or disposition of the Company’s properties, respectively, are detailed in the Company’s Financial Statements.

### **Panteria Property**

During the year ended March 31, 2022, the Company entered into a binding letter of intent (“LOI”) with Peruvian Metals Corp. to acquire a 100% interest in the Panteria copper-gold porphyry project and the Reynoldo project (the “Projects”). The projects are located approximately 210 kilometres southeast of Lima, Peru, in the Huancavelica department in the Castrovirrcyna Province.

Subsequent to the year ended March 31, 2022, the Company has closed the acquisition (the “Acquisition”) of the mineral claims comprising the Panteria copper-gold porphyry project (the “Project”) from Peruvian Metals Corp. (“Peruvian”). The Project is located approximately 210 kilometres southeast of Lima, Peru, in the Huancavelica department, and is considered highly prospective for both copper-gold (“Cu-Au”) porphyry-style mineralization and high-level gold-silver (Au-Ag) epithermal mineralization.

The Project is composed of several mineral concessions covering an area of 2,700 hectares and is believed to be situated in the northern extension of the Southern Coastal porphyry belt. Peruvian acquired the project in 2010 and conducted extensive surface sampling and mapping programs followed by a small geophysical program in 2014. Peruvian recognized the porphyry potential of the area, and through fieldwork, identified the high-level Renaldo Au-Ag zone 4.5 kilometres east of the main Panteria zone. First Quantum Minerals Ltd. (“First Quantum”) optioned the project from Peruvian and explored the area from 2016 to 2018. A total of 8,699 metres were drilled on the Project by First Quantum in 11 holes. Five main mineralized zones were identified on the Project by Peruvian and First Quantum; the Kisosko, El Corral, NW Corral, La Quebrada and Renaldo zones. To date the El Corral and NW Corral zones have proven the most prospective for Cu-Au porphyry mineralization while the Renaldo and Kioskko zones are considered high-level Au-Ag precious metal targets and have not been drill tested.

The drilling by First Quantum mainly focused on the El Corral and La Quebrada zones. Porphyry-style mineralization and alteration, defined by the drilling, have a minimum 1,300-metre horizontal extent and an over 700-metre vertical extent in the subsurface. The large horizontal and vertical extent of the porphyry-style mineralization and alteration indicates a large hydrothermal system is present, typical of porphyry systems.

### **Black Rock Canyon Property**

During the year ended March 31, 2022, the Company acquired all of the issued and outstanding shares of 1296067 B.C. Ltd. (“1296”) in consideration of 12,000,000 common shares (issued and valued at \$2,700,000 to 1296’s shareholders. 1296 is the owner of certain mineral claims and interests in leases known as the Black Rock Canyon property.

The Company acquired additional claims during the year ended March 31, 2021 to expand the Black Rock Canyon property by acquiring all the issued and outstanding shares of 1266443 B.C. (“1266”) Ltd. in consideration of 6,000,000 common shares to 1266’s shareholders and cash payment of \$100,000.

In March 2021, the Company drilled three pre-collar reverse circulation drill holes on the Black Rock Canyon property in advance of a proposed deep drilling campaign. Information about this drill program is detailed in the Company’s news releases dated March 5, 10, and 18, 2021.

**Aspen Gold Property**

During the year ended March 31, 2021, the Company acquired 100% interest in the Aspen Gold Property in British Columbia by acquiring all the issued and outstanding shares of Big Rock Resources Inc. (“Big Rock”) in consideration of 6,000,000 common shares (issued and valued at \$1,800,000) to Big Rock’s shareholders and cash payment of \$200,000. Big Rock is the beneficial owner of five mineral claims totaling over 3,000 hectares located 25 kilometres northeast of Artemis Gold Inc.’s (TSX-V: ARTG) 10+ million ounce Blackwater Gold project and in close proximity to Tower Resources Ltd.’s (TSX-V: TWR) Nechako Gold project in northern British Columbia.

**Jumping Jack Property**

During the year ended March 31, 2022, the Company acquired all the issued and outstanding common shares of 1309871 B.C. Ltd. (“1309871 BC” and formerly Gold State Resources Inc.) 1309871 BC, through its subsidiary, Jumping Jack Exploration Inc., is a party to an option agreement for the acquisition in certain mineral claims known as the Jumping Jack property (“Jumping Jack”). Jumping Jack is located in the Moors Creek mining district of Nye County, Nevada, approximately 55 miles north of Tonopah. It is situated along the eastern margin of the Walker Lane Gold Trend, ten miles north of Kinross Gold Corporation’s well-known Round Mountain Gold Mine, and is five miles north of the nearest Round Mountain open pit. Jumping Jack is ten miles south of the Northumberland Gold Mine, active in the 1980s and 1990s. The United States Geological Survey Mineral Resource Data System has reported the total metal content of the Round Mountain gold system to be approximately 20 million ounces of gold.

The project history for the property dates back to about 1905, when it was reported that the then rancher/owner supported his family and ranch by underground gold mining for three years, constructing several adits and shafts totaling about 100 metres (305 feet) of underground workings. In the past, the ranchers/owners had not been favorable to corporate exploration programs except for three limited exploration programs, the last time being in the 1980s. Surface exploration during 2020 identified three parallel N15-20W silicified fault zones which include the original hundred-year-old mine workings. This strike orientation parallels major gold belts in Nevada including the Carlin Trend, the Cortez Gold Belt and the Walker Lane Trend. The silicified fault zones occur approximately 640 metres (2,100 feet) apart from each other spanning more than 1 km in width. The East zone is the site of the historical mining and is exposed for 610 metres (2,000 feet) along strike. The Middle zone can be traced over a strike length of 305 metres (1,000 feet), and the West zone is covered except for one pit exposing the fault zone over 3 metres (10 feet).

**Selected Annual Information**

	March 31, 2022 \$	March 31, 2021 \$	March 31, 2020 \$
Net loss and comprehensive loss for the year	(4,182,210)	(7,197,258)	(237,772)
Basic and diluted loss per share	(0.05)	(0.15)	(0.01)
Total assets	77,619	644,820	75,083
Long-term financial liabilities	-	-	-

**Summary of Quarterly Results**

The following are selected financial data from the Company’s eight most recently completed quarters.

	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
<b>Financial results</b>				
Net loss	\$ (3,044,191)	\$ (221,477)	\$ (169,804)	\$ (746,738)
Basic and diluted loss per share	(0.04)	(0.00)	(0.00)	(0.01)
<b>Balance sheet data</b>				
Cash	3,983	6,501	73,614	131,840
Exploration and evaluation assets	-	9,193,128	7,594,728	4,828,204
Reclamation deposit	22,474	22,474	22,474	22,474
Total assets	77,619	9,280,964	7,846,127	5,473,024
Current liabilities	670,260	632,150	300,836	457,929
Shareholders’ equity (deficiency)	(592,641)	8,648,814	7,545,291	5,015,095

	March 31, 2021 (restated)	December 31, 2020	September 30, 2020	June 30, 2020
<b>Financial results</b>				
Net loss	\$ (5,574,942)	\$ (1,312,014)	\$ (193,512)	\$ (116,790)
Basic and diluted loss per share	(0.21)	(0.03)	(0.00)	(0.00)
<b>Balance sheet data</b>				
Cash	131,840	29,737	49,444	9,085
Exploration and evaluation assets	-	-	-	-
Reclamation deposit	22,474	-	-	-
Total assets	644,820	4,902,021	1,920,529	84,107
Current liabilities	457,929	287,200	361,394	1,120,679
Shareholders’ equity (deficiency)	186,891	4,902,021	1,559,132	(1,036,572)

During the quarters ended March 31, 2022 and March 31, 2021, the significant net losses of \$3,114,180 and \$5,574,942 respectively were due to an accounting policy change whereby costs directly related to exploration and evaluation expenditures in addition to acquisition costs, net of recoveries on a property-by-property basis are expensed in the year they occur. This change was applied on a retrospective basis.

During the quarter ended December 31, 2020, the significant net loss of \$1,312,014 was due to the grant of stock options which resulted in a share-based compensation expense of \$857,800.

## Results of Operations

The Company has no revenue from its mineral interests, and losses are mainly costs associated with administration of the Company. Losses are reduced from time to time by any gain on disposition of a property, which could include marketable securities received as payment.

### For the Year ended March 31, 2022

The Company incurred comprehensive loss of \$4,252,199 for the year ended March 31, 2022, compared with comprehensive loss of \$7,197,258 for the year ended March 31, 2021.

A brief explanation of the significant changes in expenses by category is provided below:

- Accounting and audit decreased to \$87,462 (2021 - \$100,262) due to decrease in business activities during the current year.
- Consulting decreased to \$38,896 (2021 - \$165,720) due to changes in management since the previous year.
- Exploration and evaluation decreased to \$3,642,892 (2021 - \$4,828,204) due to higher drilling activity and several acquisitions in the previous year.
- Legal decreased to \$23,262 (2021 - \$132,125) due to significant business activities during the previous year.
- Regulatory decreased to \$35,761 (2021 - \$77,339) due to significant business activities during the previous year.
- Shareholder communication decreased to \$Nil (2021 - \$95,955) due to significant business activities during the previous year.

## Liquidity and Financial Condition

The Financial Statements are prepared on a ‘going concern’ basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent on its ability to raise additional funds or the attainment of profitable operations. The Company will need to raise or borrow money for exploration and administration expenditures, and to settle current liabilities, and to ensure it maintains sufficient funds to keep its claims and property agreements in good standing. Current sources of funding are undetermined, and management continues to review potential financing options. Although the Company has been successful at raising funds in the past through the issuance of share capital and entering into loan agreements, there is no guarantee it will be successful or able to continue to do so in the future.

	<b>March 31, 2022</b>		<b>March 31, 2021</b>
Working capital (deficit)	\$ (615,115)	\$	164,417
Accounts payable and accrued liabilities	297,570		457,929
Loans payable	131,000		-
Due to related parties	241,690		-

### Capital Resources

The Company’s primary capital assets are mineral property interests. The Company capitalizes all costs related to the mineral properties. The Board of Directors is responsible for a quarterly review of the properties and any decisions toward impairment. If the property is considered impaired, accumulated costs are expensed at that time.

### Off Balance Sheet Transactions

The Company has no off-balance sheet arrangements.

### Transactions with Related Parties

The Company’s key management personnel consist of directors, executive officers, and companies controlled or influenced by them. The Company incurred certain fees and expenses in the normal course of operations in connection with companies owned by such parties for the year ended March 31, 2022 and 2020 as follows:

	<b>March 31, 2022</b>		<b>March 31, 2021</b>
Management fees	\$ 130,000	\$	102,500
Accounting and audit	32,500		84,210
Share-based compensation	-		1,301,316
	\$ 162,500	\$	1,488,026

During the year ended March 31, 2022, the Company:

- i) Paid or accrued management fees of \$130,000 (2021 - \$15,000) in respect of the services provided by the CEO of the Company.
- ii) Paid or accrued management fees of \$Nil (2021 - \$87,500) in respect of the services provided by the former CEO of the Company.
- iii) Paid or accrued accounting fees of \$32,500 (2021 - \$2,500) in respect of the accounting services provided by the CFO of the Company.
- iv) Paid or accrued accounting fees of \$Nil (2021 - \$81,710) in respect of the accounting services provided by the former CFO of the Company.
- v) Recorded share-based payment expense of \$Nil (2021 - \$1,301,316) related to options granted to officers and directors of the Company.

Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

### Proposed Transactions

The Company does not have any proposed transactions that have been approved by the Board of Directors.

## Risks Related to the Company’s Business

### Overview

Resource exploration is a speculative business and involves a high degree of risk. There is a significant probability that the expenditures made by the Company in the exploring of its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to attain commercial production stage are also very substantial. The Company has a history of incurring losses and deficits, and is subject to a number of risks and uncertainties due to the nature of its business and present stage of explorations, such as, but not limited to, exploration, market, commodity prices, Aboriginal land claims, title, financing, share price volatility, key personnel, competition, foreign countries and regulatory requirements, environmental and regulatory requirements, and uninsurable risks.

The following sets out the principal risks faced by the Company:

Exploration. The Company is seeking mineral deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company’s property holdings within existing investors’ investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities. The Company’s planned programs and budgets for exploration work are subject to revision at any time to consider results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities.

Market. The Company’s securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change; both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

Commodity price. The Company’s exploration projects are primarily related to exploration for gold and other precious metals in the United States. While these minerals have recently been the subject of significant price increases from levels prevalent earlier in the decade, there can be no assurance that such price levels will continue, or that investors’ evaluations, perceptions, beliefs and sentiments will continue to favour these target commodities. An adverse change in these commodities’ prices, or in investors’ beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

Title. Although the Company has exercised the usual due diligence with respect to title to properties in which it has interests, there is no guarantee that title to the properties will not be challenged or impugned. The Company’s mineral property interests may be subject to prior unregistered agreements or transfers or land claims, and title may be affected by undetected defects.

Financing. Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all. Restrictions on the Company’s ability to finance could have a material adverse outcome on the Company and its securities.

Share price volatility and price fluctuations. In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

Key personnel. The Company’s exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain “key man” insurance policies on these individuals. Should the availability of these persons’ skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

Competition. Significant and increasing competition exists for the limited number of mineral property acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

Environmental and other regulatory requirements. The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests 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 mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, 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 or extraction operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

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 reduction in levels of production at producing properties or abandonment or delays in development of new mineral exploration properties. To the best of the Company's knowledge, it is currently operating in compliance with all applicable environmental regulations.

History of net losses; accumulated deficit; lack of revenue from operations. The Company has incurred net losses to date. The Company has not yet had any revenue from the exploration activities on its properties, nor has the Company yet determined that commercial development is warranted on any of its properties. Even if the Company commences development of certain of its properties, the Company may continue to incur losses. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

Uninsurable. The Company and its subsidiaries may become subject to liability for pollution, fire, explosion and other risks against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

Critical accounting estimates. In the preparation of financial information, management makes judgments, estimates and assumptions that affect, amongst other things, the valuation of share-based payments. The Company uses the Black-Scholes Option Pricing Model in relation to share based payments. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the year.

#### **Information available on SEDAR**

The Company advises readers of this MD&A that important additional information about the Company is available on the SEDAR website <http://www.sedar.com>.

**New Accounting Policies****Standards, Amendments and Interpretations Affecting the Current and Future Year-Ends**

Please refer to the Financial Statements [www.sedar.com](http://www.sedar.com).

**Financial Instruments and Other Instruments**

The Company has classified its cash as FVTPL (using level 1 of the fair value hierarchy); receivables (excluding tax arrangements) at amortized cost; and accounts payable and accrued liabilities, due to related parties and loans and interest on loans payable at amortized cost.

The carrying values of cash, receivables, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company’s financial instruments as at March 31, 2022 and March 31, 2021 are as follows:

	<b>March 31, 2022</b>		<b>March 31, 2021</b>	
<b>Financial assets</b>				
Cash	\$	3,983	\$	131,840
Accounts receivable		9,643		9,643
GST receivable		18,317		24,561
Due from related parties		-		237,819
	<b>\$</b>	<b>31,943</b>	<b>\$</b>	<b>403,863</b>
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	\$	297,570	\$	412,908
Loans payable		131,000		-
Due to related parties		241,690		45,021
	<b>\$</b>	<b>670,260</b>	<b>\$</b>	<b>457,929</b>

**FINANCIAL RISK MANAGEMENT**

## (a) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk with respect to its cash and receivables, other than Goods and Services Tax (“GST”). The maximum exposure to loss arising from receivables is equal to their carrying amounts.

The Company manages credit risk with respect to its cash by maintaining demand deposits with a major Canadian financial institution; however, this exposes the Company’s cash to concentration of credit risk as all amounts are held at a single institution.

## (c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company is exposed to liquidity risk as it relates to its accounts payable and accrued liabilities, and loan payable.

## (c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

## (i) Interest rate risk

Interest rate risk consists of two components:

- A. To the extent that payments made or received on the Company’s monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and
- B. To the extent that changes in prevailing market rates differ from the interest rate in the Company’s monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

## (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk as its monetary assets and liabilities are predominantly in Canadian dollars. Any fluctuation would have a negligible impact on profit and loss.

## (iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

There were no changes in the Company’s approach to managing the above risks.

### Disclosure by Venture Issuer Without Significant Revenue

An analysis of the material components of the Company’s general and administrative expenses is disclosed in the Financial Statements to which this MD&A relates. An analysis of the material components of the acquisition and deferred exploration costs of the Company’s exploration and evaluation assets is disclosed in the Notes to the Financial Statements.

### Outstanding Share Data

Common shares, stock options and share purchase warrants issued and outstanding as at the year end are described in detail in the Financial Statements, and as at the Report Date, are as follows:

- Common shares – 85,724,527
- Warrants

Expiry date	Outstanding	Exercise price	Weighted average remaining life (in years)
September 21, 2023	22,331,341	\$ 0.05	1.48

- Options

Expiry date	Number of Options Outstanding	Number of Options Exercisable	Weighted average exercise price \$	Weighted average remaining life (in years)
October 9, 2025	750,000	750,000	0.30	3.53
February 26, 2026	1,000,000	1,000,000	0.21	3.91
March 18, 2026	2,600,082	2,600,082	0.20	3.97
	4,350,082	4,350,082	0.22	3.88

During the year ended March 31, 2022, the Company:

- issued 12,000,000 common shares valued at \$1,260,000 to acquire all the issued and outstanding shares of 1296067 B.C. Ltd
- issued 25,000,000 common shares valued at \$2,000,000 to acquire all the issued and outstanding shares of 1309871 B.C. Ltd
- In November 2021, the Company issued 749,918 common shares pursuant to the exercise of 199,918 stock options and 550,000 warrants to settle accounts payable of \$107,484 and loans payable of \$15,000. In connection with the settlement of debt, the Company recorded a gain of \$69,989.
- The Company issued 1,050,000 common shares for warrants exercised for total proceeds of \$132,500 of which \$75,000 was received in fiscal year 2021.

#### CHANGE IN ACCOUNTING POLICY

During the year ended March 31, 2022, the Company changed its accounting policy with respect to exploration and evaluation assets and expenditures. In prior years the Company’s policy was to capitalize by property all costs directly related to the acquisition, exploration and evaluation of mineral properties classified as exploration and evaluation assets. The Company has elected to change this accounting policy to now charge to operations all exploration expenditures as incurred, on a retrospective basis, effective with the presentation of these consolidated financial statements.

	As previously reported March 31, 2021	Effect of policy change	Restated under new policy March 31, 2021
Exploration and evaluation assets	4,828,204	(4,828,204)	-
Exploration and evaluation expense	-	4,828,204	4,828,204
Deficit	(8,655,712)	(4,828,204)	(13,483,916)

An explanation of how the transition from amounts previously reported has affected the Company’s financial position, financial performance, and cash flows is set out below.

- Consolidated Statements of Financial Position – as at March 31, 2021  
Exploration and evaluation assets decreased by \$4,828,204 representing net exploration expenditures previously capitalized, which have been charged to operations.
- Consolidated Statements of Operations and Comprehensive Loss – for the year ended March 31, 2021  
Exploration and evaluation expense increased by \$4,828,204 representing net exploration expenditures previously capitalized, which have been charged to operations.
- The change in accounting policy had no effect on the Company’s Consolidated Statements of Changes in Shareholders’ Equity (Deficiency), other than the changes to deficit.
- Consolidated Statements of Cash Flows – for the year ended March 31, 2021  
Cash used in operating activities changed by \$503,634 based on allocation of exploration and evaluation expenditures from investing activities being incorporated into the loss for the year. Cash used in investing activities decreased by a corresponding amount.