

**PANTERA SILVER CORP.**  
**(FORMERLY RED OAK MINING CORP.)**  
**Management Discussion and Analysis**  
**For The Year Ended May 31, 2021**

**1.1 DATE OF REPORT**                      September 28, 2021

**1.2 OVERALL PERFORMANCE**

*General*

The following discussion and analysis, prepared as of September 28, 2021, should be read in conjunction with the audited financial statements for the twelve months ended May 31, 2021 and 2020 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

Pantera Silver Corp. (formerly Red Oak Mining Corp.) (“The Company”) is incorporated in the Province of British Columbia (extra-provincially registered in the Province of Alberta). The Company’s registered and record office is located at Miller Thomson LLP, Pacific Centre 400-725 Granville St., Vancouver BC, V7Y 1G5.

Previously, the Company was involved in the development and acquisition of geophysical data for the oil & gas and resource exploration industry, using unmanned airborne vehicle (“UAV”) technology through its wholly owned subsidiary Universal Wing Geophysics Corp., (“UWG”). On March 31, 2012, the Company closed the sale of 1,075,000 common shares (86%) of the Company’s interest in UWG, the subsidiary that has operated the Company’s Unmanned Air Vehicle Systems development business, to a private company. The Company has now returned to its Resource Exploration focus.

**On March 11, 2021**, Red Oak Mining Corp. changed its name to Pantera Silver Corp. to better reflect the Company’s focus on its newly acquired Nuevo Taxco Silver property.

**On June 25, 2019**, David Thornley-Hall resigned as interim Chief Financial Officer and Lucy Zhang was appointed interim CFO.

**On January 10, 2019**, Mr. James Ferreira resigned as a Director of the Company.

**On December 14, 2018**, Mr. Binny Jassal resigned as a Chief Financial Officer and Director of the Company and David Thornley-Hall was appointed interim CFO.

**Forward Looking Information**

Certain statements in this Management Discussion and Analysis constitute forward-looking statements under applicable securities legislation. Forward-looking statements or information typically containing statements with words such as “anticipate”, “believe”, “expect”, “plan”, “intend”, “estimate”, “propose” or similar words suggesting future outcomes or statements regarding, and outlook. Forward-looking statements or information in this Management Discussion and Analysis include, but are not limited to, statements regarding:

- Business objectives, plans and strategies;
- Exploration objectives, plans and strategies; and,
- Certain geological interpretations and expectations.

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to other assumptions identified in this Management Discussion and Analysis, assumptions have been made regarding, among other things:

- The ability of the Company to continue to fund its operations through financings, options and joint ventures;
- The ability of the Company to obtain equipment, services and supplies in a timely manner to carry out its activities;
- The level of exploration activities and opportunities;
- The ability of the Company to retain access and develop its mineral claims; and
- Current and future mineral commodity prices.

Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Company and described in the forward-looking statements or information. These risks and uncertainties include but are not limited to:

- The ability of management to execute objectives, plans and strategies;
- Exploration, development and operational risks inherent in the mining industry;
- Market conditions;
- Risks and uncertainties inherent in geology and exploration for deposits;
- Potential delays and changes in plans;
- The Company's ability to retain land tenure;
- Uncertainties regarding financings and funding;
- General economic and business conditions;
- Possibility of governmental policy changes;
- Changes in First Nations policies;
- Other risks and uncertainties described within this document.

The forward-looking statements or information contained in this Management Discussion and Analysis are made as of the date hereof and the Company undertakes no obligation to update publically or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities law.

All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated.

## **Significant Acquisitions and Dispositions**

### **Oil and Gas Properties Provost Project, Alberta**

In February 2003, the Company acquired a 100% interest in an oil well (16-28) and an 18% interest in a shut-in gas well (02/13-17) located in the Provost area of Alberta. The property encompasses 1,220 acres in the Provost area and the well initially produced 12 barrels of oil and associated liquids per day when acquired. This property was abandoned in 2007. During the year ended May 31, 2009, the Company recognized reclamation costs of \$34,400 associated with environmental remediation for this property which amount has been added to the capitalized cost of the mineral property and recognized as a site restoration liability.

During the year ended May 31, 2010, the Company abandoned the oil well and determined that it would be required to perform additional reclamation work. Management's best estimate of the cost for the associated reclamation work is \$16,000. This estimate has been updated during the quarter ended August 31, 2020 to \$32,000 based on quotations obtained by third party consultants and an additional reclamation obligation amount was recorded. The Company previously deposited \$16,000 with the Alberta Energy Resources Conservation Board ("AECB"), which amount is shown as restricted cash on the statement of financial position. The \$16,000 deposit plus interest will be refunded once the AECB is satisfied that the Company has performed all necessary decommissioning activities.

During the year ended May 31, 2021, the Company has not incurred any reclamation work and has spent \$nil (May 31, 2020 - \$nil).

***Provost 16-28 Oil Well: This well was abandoned in October 2009.***

***Provost 02/13-17 Gas Well:*** This gas well was acquired in 2003. A 62.5 hr flow test was completed in August 2007. The well began producing in December 2007. It produced until the end of February 2009 at which point the well was shut-in by the operator due to low gas rates, low gas prices and increasing operating costs. In October 2019, the Company signed a Notice of Assignment with Tamarack Acquisition Corp (the "Assignee) to transfer 100% working interest in the shut-in gas well (02/13-17) located in the Provost area of Alberta for a total proceeds of \$27,000.

### **Mineral Exploration Properties Nuevo Taxco Silver-Gold Project, Mexico**

On November 12, 2020, the Company entered into a property acquisition agreement with Impact Silver Corp. ("Impact Silver") whereby the Company may earn a 100% interest in the Nuevo Taxco Silver-Gold Project (the "Property") located approximately 80 km south west of Mexico City and west of the municipality of Tetipac within the Pregones Silver- Gold District. Under terms of the agreement, the Company may earn 100% interest in the approximately 1,100 hectare property by completing exploration expenditures of \$1,400,000, making cash payments of \$300,000 and issuing 3,500,000 common shares to IPT over a 3-year period. Details of the option agreement are outlined below.

Under the Agreement, the Company may earn a 100% interest in the Property by making certain staged cash payments, issuing common shares in the capital of the Company to Impact Silver and making exploration expenditures over a 3-year period as follows:

- i. \$1,000 in cash was paid upon execution of the Letter of Intent in respect of the Transaction (paid);
- ii. \$49,000 in cash (paid) and 500,000 common shares upon TSXV approval of the Transaction and closing of the Financing (the “Closing Date”) (issued);
- iii. \$100,000 in cash and 1,000,000 common shares on or before the first anniversary of the agreement;
- iv. \$150,000 in cash and 2,000,000 common shares on or before the second anniversary of the agreement;
- v. \$200,000 in exploration expenditures on or before November 12th, 2021;
- vi. \$400,000 in exploration expenditures on or before November 12th, 2022; and
- vii. \$800,000 in exploration expenditures on or before November 12th, 2023.

The Company paid a finder’s fee with regards to the property acquisition equal to 10% of the value consideration for year one of the Agreement satisfied in common shares of the Company at the same price per share as the Transaction, being 100,000 common shares with a value of \$10,000.

Impact Silver will retain a 1% net smelter return royalty with the Company retaining the right to acquire 100% of the royalty for a cash payment of \$1,000,000.

### 1.3 SELECTED CONSOLIDATED FINANCIAL INFORMATION

	May 31, 2021	May 31, 2020	May 31, 2019
Total revenues	\$ -	\$ -	\$ -
Loss before other items	347,766	297,928	391,396
Net loss	347,674	270,365	391,071
Loss per share basic and diluted	\$ 0.02	\$ 0.02	\$ 0.02
Total assets	\$ 1,079,955	\$ 229,283	\$ 56,432

### 1.4 RESULTS OF OPERATIONS

These audited financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee.

The Company has recorded a net loss of \$347,674 (\$0.02) per share and had a cumulative deficit of \$34,918,824 for the year ended May 31, 2021 as compared to a cumulative deficit of \$34,571,150 for the year ended May 31, 2020.

***For the year ended May 31, 2021 compared to the year ended May 31, 2020***

The Company recorded a net loss for the year ended May 31, 2021 of \$347,674 or \$0.02 per share as compared to \$270,365 or \$0.02 per share for the year ended May 31, 2020.

Total expenses were \$347,766 for the year ended May 31, 2021, an increase of \$49,838 as compared to \$297,928 for the year ended May 31, 2020. This was mainly due to increased consulting fees and filing and trust agent fees associated with the name change and property acquisition, and office expenses associated with advertising and media fees.

Accounting and audit fees were increased by \$4,420,

Consulting fees were increased by \$35,385,

The filing and share transfer agent fees were increased by \$28,141,

The legal fees were decreased by \$28,588,

Office expenses were increased by \$32,549,

Travel expenses were decreased by \$24,891,

Shareholders' information fees were increased by \$2,750.

During the year ended May 31, 2021, the Company performed no reclamation work and incurred \$nil costs (May 31, 2020 - \$nil) on the well.

***For the three months ended May 31, 2021 compared to the three months ended May 31, 2020***

The Company recorded a net loss for the quarter ended May 31, 2021 of \$131,423 or \$0.00 per share as compared to \$86,746 or \$0.01 per share for the quarter ended on May 31, 2020.

Total expenses were \$131,445 for the quarter ended May 31, 2021, an increase of \$44,642 as compared to \$86,803 for the quarter ended May 30, 2020. This was mainly due to increased consulting fees associated with the name change, and office expenses associated with media fees.

Accounting and audit fees were increased by \$2,950,

Consulting fees were increased by \$44,383,

The filing and share transfer agent fees were increased by \$5,757,

The legal fees were reduced by \$34,934.

Office expenses were increased by \$27,009.

Travel expenses were reduced by \$1,473.

During the three months ended May 31, 2021, the Company performed no reclamation work and incurred \$nil costs (May 31, 2020 - \$nil) on the well.

## 1.5 SUMMARY OF QUARTERLY RESULTS

The following table presents certain selected financial information on a quarterly basis:

Periods ended	Revenue \$	Net loss \$	Net loss per share \$
May 31, 2021	-	(131,423)	(0.00)
February 28, 2021	-	(51,444)	(0.00)
November 30, 2020	-	(147,425)	(0.01)
August 31, 2020	-	(17,383)	(0.00)
May 31, 2020	-	(86,746)	(0.01)
February 29, 2020	-	(126,437)	(0.01)
November 30, 2019	-	(47,265)	(0.00)
August 31, 2019	-	(9,917)	(0.00)
May 31, 2019	-	(177,719)	(0.04)

Due to the increased corporate activities to support the recent property acquisition efforts, the net loss for the period ended November 30, 2020 was \$147,425.

As the accrual of consulting fees of \$145,000 in the quarter ended May 31, 2019, the net loss for the period was \$177,719.

## 1.6 LIQUIDITY

At May 31, 2021, the Company had a working capital of \$781,376 (May 31, 2020 a working capital deficiency - \$35,209) and had not yet achieved profitable operations, has accumulated losses of \$34,918,824 (May 31, 2020 - \$34,571,150) since its inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing including support from related parties to meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. The Company is also depending on the continued patience of its related and third-party creditors with respect to outstanding amounts. At this time, the Company is managing its financial resources to minimize expenditures while it determines its future direction. These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business.

Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, these financial statements do not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from

those shown in these financial statements.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. It has adversely affected global workforces, economies, and financial markets, triggering an economic downturn. It is not possible at this time for the Company to predict the duration or magnitude of the adverse results of the outbreak nor its effects on the Company's business or operations.

### ***Cash Flow from Operations***

During the year ended May 31, 2021, the Company had \$455,134 cash out flow from operations compared to 230,725 in the previous year. During the current fiscal year, accounts receivable decreased by \$28,508 and accounts payable decreased by \$78,953.

During the three months ended May 31, 2021, the Company had \$167,488 cash out flow from operations compared to \$27,405 in the previous year. During the quarter, accounts receivable decreased by \$25,484 and accounts payable decreased by \$10,582.

### ***Investing Activities***

During the year ended May 31, 2021, the Company spend \$50,091 in investing activities compared to \$330 in the previous year.

During the three months ended May 31, 2021, the Company spent \$50,022 in investing activities compared to \$57 in the previous year.

### ***Financing Activities***

During the year ended May 31, 2021, the Company raised \$1,214,350 (May 31, 2020 –\$490,852) through private placements. Due to related parties increased by \$2,949 (May 31, 2020 – decreased by \$83,555).

During the three months ended May 31, 2021, the Company raised \$308,162 (May 31, 2020 – \$333,802) through private placements. Due to related parties increased by \$13,771 (May 31,2020 – decreased by 73,862).

Since incorporation, the Company's capital resources have been limited. In addition to having to rely upon cash generated from operations, the Company has had to rely upon the sale of equity and debt securities for cash required for administration and development programs, among other things. While there are presently no known specific trends, events or uncertainties that are likely to result in the Company's liquidity decreasing in any material way over the next year, it is unlikely that significant cash will be generated from operations over this period. Since the Company is unlikely to have significant cash flow, the Company will have to continue to rely upon equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company. The Company does not have any commitments for material capital expenditures over either the near or long term and none are presently contemplated over normal operating requirements.

The Company's working capital and liquidity fluctuate in proportion to its ongoing equity financing activities, as the Company does not generate significant cash flow from its operations. The Company requires a certain amount of liquid capital in order to sustain its operations, to meet various obligations as specified under the Company's resource property acquisition agreements. Should the Company fail to obtain future equity financing due to reasons as described above, it will not be able to meet these obligations and may lose its interests in the properties covered by the agreements. Further, should the Company be unable to obtain sufficient equity financing for working capital, it may be unable to meet its ongoing operational commitments. Continued operations are therefore dependent upon ongoing equity financing activities.

### **Dividend Record and Policy**

The Company has not declared any dividends since incorporation and does not intend to declare dividends in the foreseeable future. If the Company generates earnings in future, it expects that they will be retained to finance future growth and, where appropriate, retire debt.

### **1.7 CAPITAL RESOURCES**

The Company does not have significant revenue from its business and has relied on equity financings to meet its cash requirements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future.

On March 29, 2021, the Company completed a non-broker private placement for gross proceeds of \$180,000 by issuing 1,500,000 units at \$0.12 per unit. Each unit consists of one common share and one warrant at a price of \$0.20, exercisable for a period of two years from issuance.

On March 11, 2021, the Company completed a non-broker private placement for gross proceeds of \$1,042,350 by issuing 10,423,500 units at \$0.10 per unit. Each unit consists of one common share and one warrant at a price of \$0.20, exercisable for a period of two years from issuance. The Company paid finder's fee of \$8,000.

On March 11, 2021, the Company issued 60,000 shares pursuant to the Nuevo Taxco Silver Property, 500,000 of which were issued to Impact Silver and 100,000 were issued as a finder's fee.

On March 5, 2020, the Company closed the second and last tranche of a private placement, issuing 6,000,000 shares at an issue price of \$0.05 per share for total proceeds of \$300,000. The Company had finders' fee of \$4,333 and share issuance costs of \$4,815 on this private placement.

In January 2020, the Company returned 4,000 shares to treasury for re-registration.

On December 17, 2019, the Company closed the first tranche of a private placement, issuing 4,000,000 shares at an issue price of \$0.05 per share for total proceeds of \$200,000. There are \$400 in subscriptions receivable from this issuance.

On December 17, 2019, the Company consolidated its shares at a ratio of 3.5:1 whereby 20,417,578 pre-consolidation shares became 5,833,556 post-consolidation shares.

During the year ended May 31, 2019, the Company received \$200,333 pursuant to exercise of 2,003,333 warrants at the exercise price of \$0.10.

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

The Company does not have any off-balance sheet arrangements.

## **1.9 RELATED PARTY TRANSACTIONS**

### **Key Management Compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

During the period ended May 31, 2021, the Company entered into the following transactions with the related parties:

- (a) Incurred accounting fees of \$11,690 (May 31, 2020 - \$11,270) with Jin Passage Consulting Inc. (a company controlled by the CFO of the Company).
- (b) Incurred management fees of \$66,000 (May 31, 2020 - \$58,500) with Tehama Venture and Tehama Capital Corp. (companies controlled by the director, President and CEO of the Company).
- (c) Incurred consulting fees of \$25,000 (May 31, 2020 - \$nil) with nKwazi Resource Management. (a company controlled by a director of the Company).
- (d) Incurred advertising and promotion fees of \$25,000 (May 31, 2020 - \$nil) included in office and administration expense with Digital257 Technologies Inc. (a company controlled by a director of the Company).
- (e) As at May 31, 2021, \$73,114 (May 31, 2020 - \$70,165) was owing to companies controlled by directors and officers of the Company and \$25,000 was received from related parties for subscriptions.

## **1.10 CRITICAL ACCOUNTING ESTIMATES**

Critical Accounting estimates represent estimates that are highly uncertain and for which changes in those estimates could materially impact the Company's financial statements. The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of change, if the change affects that period

only, or in the period of the change and future periods, if the change affects both. Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

#### Going concern assumption

The continued use of the going concern assumption is based on the Company's judgments regarding the availability, timing, and costs of obtaining financing. The use of the going concern assumption is also based on the Company's judgments regarding the continued support and patience of related parties and third party creditors. In applying the going concern assumption, the Company has not taken into account the uncertainty surrounding the timing of receipt of the restricted cash and the uncertainty surrounding the timing of payments of accounts and loans payable in determining the fair values of its financial instruments.

#### Provision for environmental rehabilitation

Provisions for environmental rehabilitation are based on the Company's best estimate of the probable outflow to complete reclamation work. The final costs of the currently recognized environmental rehabilitation provision may be higher or lower than currently provided for.

#### Impairment of evaluation and exploration assets

The assessment of exploration and evaluation assets requires judgment to determine whether indicators of impairment exist including factors such as the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and evaluation of the results of exploration and evaluation activities up to the reporting date. Management assessed impairment indicators for the Company's exploration and evaluation assets and has concluded that no impairment indicators exist as of May 31, 2021.

#### Income taxes

Provisions for income taxes requires judgement and estimates as to the future taxable profit and interpretation of tax laws. The final tax outcome could be materially different from tax amounts initially recorded and such differences will impact the current and deferred tax provisions in the period in which the tax outcome is determined.

### **1.11 SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Exploration and evaluation assets**

Mineral properties and exploration and evaluation expenditures

Acquisition costs of exploration and evaluation assets together with direct exploration and evaluation expenditures thereon are deferred in the accounts at cost. These are classified as intangible assets. Once a project has been established as commercially viable and technically feasible, mineral properties are reclassified as tangible assets and related development expenditures are capitalized. When production is attained these costs will be amortized using the unit of production method based upon estimated proven recoverable

reserves. When deferred expenditures on individual producing properties exceed the estimated net realizable value, the properties are written down to the estimated value. Costs relating to properties abandoned are written off when the decision to abandon is made.

The amounts shown for resource properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

**(b) Earnings (loss) per share**

Basic earnings/loss per share is computed by dividing the income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period. Diluted earnings/loss per common share is computed by dividing the income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

**(c) Share-based payments**

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized immediately that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

**(d) Income taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in income except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss/income. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

**(e) Provision for environmental rehabilitation**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mining properties and other assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year. The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred.

**(f) Agent warrants and warrants**

Warrants issued to agents in connection with an equity financing are recorded at fair value and charged to share issue costs associated with the offering with an offsetting credit to contributed surplus in shareholders' equity.

Warrants included in units offered to subscribers in connection with financings are valued using the residual value method whereby proceeds are first allocated to the fair value of the shares and the excess if any, allocated to the warrants.

**1.12 FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL DISCLOSURES**

**(a) Fair value of financial instruments**

IFRS requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. IFRS establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value.

A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS prioritizes the inputs into three levels that may be used to measure fair value

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

	Level 1	Level 2	Level 3	Total
<b>May 31, 2021</b>				
Cash	\$ 911,375	\$ -	\$ -	\$ 911,375
Restricted cash	18,352	-	-	18,352
	<b>\$ 929,727</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 929,727</b>
<b>May 31, 2010</b>				
Cash	\$ 199,301	\$ -	\$ -	\$ 199,301
Restricted cash	18,261	-	-	18,261
	<b>\$ 217,562</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 217,562</b>

The fair value of cash and restricted cash are determined based on Level 1 inputs which consist of quoted prices in active markets for identical assets. As at May 31, 2021, the Company believes that the carrying values of accounts receivable, accounts payable and accrued liabilities and due to related parties approximate the fair values because of their short term to maturity.

**(b) Risk management**

*Credit Risk*

The Company is exposed to credit risk with respect to its cash. To minimize this risk, cash is placed with major Canadian financial institutions.

*Interest Rate Risk*

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

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company does not have operating cash flow and therefore has relied primarily on equity financings and loans from related parties to meet its capital requirements. As at May 31, 2021 the Company has a working capital of \$781,376 (May 31, 2020– deficiency \$35,209). The Company will need to obtain additional financing to meet the obligations as they come due.

*Commodity Price Risk*

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of resource commodities.

**(c) Capital management**

The Company manages its capital, consisting of share and working capital, in a manner consistent with the risk characteristic of the assets it holds. All sources of financing are analyzed by management and approved by the board of directors.

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is meeting its objective of managing capital through preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity. The Company is not subject to any externally imposed capital restrictions.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any external restrictions on its capital

**1.13 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

It is management's opinion that the fair value of the Company's cash, accounts receivable, due to related parties, and accounts payable, and accrued liabilities approximate their carrying value because they are due on demand. The maximum credit risks exposure for all financial assets is the carrying value of those assets.

The Company does not use derivative instruments or foreign exchange contracts to hedge against gains or losses arising from foreign exchange fluctuations.

**1.14 OTHER MD&A REQUIRMENTS**

**Financial And Disclosure Controls And Procedures**

During the year ended May 31, 2021, there has been no significant change in the Company's internal control over financial reporting since last year.

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's audited financial statements for the year ended May 31, 2021 (together the "Annual Filings"). The Chief Executive Officer and Chief Financial Officer of the Company have filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the

quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Outstanding Share Data**

The Company's authorized share capital consists of unlimited common shares without par value. The Company has only one kind and class of shares and there are no unusual rights or restrictions attached to that class.

### **Additional Disclosure for Venture Issuers without Significant Revenue**

#### **Schedule of General and Administrative costs for the periods ended May 31, 2021 and May 31, 2020.**

<b>For the year ended May 31,</b>	<b>2021</b>	<b>2020</b>
<b>Expenses</b>		
Accounting and Audit	\$ 26,812	\$ 22,392
Bank charges	553	481
Consulting fees	198,579	163,194
Filing and share transfer fees	48,507	20,366
Legal fees	21,512	50,100
Office and administration	41,819	9,270
Shareholders' information	4,575	1,825
Travel	5,409	30,300
	<b>\$ 347,766</b>	<b>\$ 297,928</b>