

# GROSVENOR

## RESOURCE CORPORATION

### MANAGEMENT'S DISCUSSION & ANALYSIS

**For the year ended August 31, 2022**

This management's discussion and analysis of financial position and results of operations ("MD&A") is prepared as at December 6, 2022 and should be read in conjunction with the audited financial statements for the year ended August 31, 2022 of Grosvenor Resource Corporation ("Grosvenor" or the "Company") with the related notes thereto. The audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

Management is responsible for the preparation and integrity of the annual financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and MD&A, is complete and reliable.

Additional information on the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com) or by contacting the Company's head office at Suite 202-2168 Marine Drive, West Vancouver BC, Canada V7V 1K3. The Company's website is [www.gvrresource.com](http://www.gvrresource.com).

#### ***Description of Business***

Grosvenor is a natural resource company engaged in the acquisition and exploration of resource properties. The Company's head office is located in Vancouver, British Columbia. The Company is a reporting issuer in British Columbia, Alberta, Ontario and Nova Scotia. Grosvenor trades on the TSX Venture Exchange ("TSX-V") under the symbol GVR.

#### ***World Evens - Impact on the Business***

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The current and expected impacts on global commerce are anticipated to be far reaching. To date there has been significant volatility in the stock market and in commodity and foreign exchange markets.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while there has been no significant financial impact for the Company as at the approval date of these financial statements, it is not possible to estimate the potential impact, positive or negative, on future periods.

In March 2022, the Russian-Ukrainian conflict proceeded to further disrupt the world, leading to additional volatility in commodity and foreign exchange markets. There is no known end to this conflict and a potential impact on future periods cannot be predicted.

#### ***Overview***

##### Powder

In 2018, the Company acquired a 100% interest in the Powder gold-silver property for \$7,500 and 50,000 of its common shares (valued at \$8,500). Additionally, to date, the Company has paid a total of \$25,134 in claim maintenance. The property is subject to a 1% NSR.

### *Selected Annual Information*

	2022	2021	2020
Exploration and evaluation asset	\$ 41,134	\$ 35,787	\$ 30,438
Total assets	3,623,406	3,943,838	3,580,427
Current liabilities	28,167	26,004	27,561
Income (loss) for the year	(63,977)	129,861	177,721
Comprehensive income (loss) for the year	(322,595)	364,968	412,828
Earnings (loss) per share	(0.00)	0.00	0.01

### *Results of Operations*

During the year ended August 31, 2022 (“current year”), the Company recorded a loss of \$63,977 compared to net income of \$129,861 for the year ended August 31, 2021 (“comparative year”). The significant changes are as follows:

- The Company recorded dividend income of \$326,160, compared to \$434,880 during the comparative year.
- The Company recorded an income tax expense of \$40,362, compared to a recovery of \$36,693 during the comparative year.

### *Fourth Quarter Results*

During the three months ended August 31, 2022 (“current period”), the Company recorded a loss of \$76,859 compared to net income of \$37,640 for the three months ended August 31, 2021 (“comparative period”). The significant changes during the current period compared to the comparative period, are as follows:

- The Company recorded dividend income of \$54,360, compared to \$108,720 during the comparative period.
- The Company recorded a deferred tax expense of \$40,362, compared to a recovery of \$117,554 during the comparative period.

### *Liquidity and Capital Resources*

The Company’s working capital position at August 31, 2022 was \$3,554,105 compared to a working capital position of \$3,882,047 at August 31, 2021. The decrease in working capital is the decrease in the deemed fair value of marketable securities held by the Company.

As at August 31, 2022, the Company had current assets of \$3,582,272 (2021 - \$3,908,051), total assets of \$3,623,406 (2021 - \$3,943,838) and total liabilities of \$28,167 (2021 - \$26,004). At August 31, 2022, the Company had no long-term debt outstanding. There are no known trends in the Company’s liquidity or capital resources.

The Company finances its operations through dividend income. The Company currently has cash and equivalents, marketable securities and short term investments totaling \$3,508,142 and net

working capital of \$3,554,105 which, the Company believes, is sufficient to fund its current operations in the foreseeable future. In the longer term, additional equity or debt financing may be necessary to fund exploration, general and administrative activities.

**Commitments**

Grosvenor has management and consulting contracts with Ian Rozier, a director and Chief Executive Officer, and a company controlled by Tyler Friesen, a director and Chief Financial Officer. The parties are paid a combined total of \$14,000 per month and the contracts remain in force on a continuous basis but can be terminated by Grosvenor with three months written notice. If Grosvenor terminates services of either or both parties without cause, Grosvenor will be obligated to pay 36 months of service fees to Ian Rozier, and 12 months of service fees to the company controlled by Tyler Friesen.

Effective January 1, 2018, the Company entered into a consulting contract with Prospect Point Consulting Ltd. to provide corporate consulting services for Grosvenor at \$7,000 per month. The contract remains in force on a continuous basis but can be terminated by Grosvenor with three months written notice. If Grosvenor terminates the services of the company without cause, it will be obligated to pay 24 months services fees to the company.

The following table sets forth selected unaudited financial information prepared by management of the Company:

	Three Months Ended August 31, 2022	Three Months Ended May 31, 2022	Three Months Ended February 28, 2022	Three Months Ended November 30, 2021
Total assets	\$ 3,623,406	\$ 3,934,868	\$ 3,982,141	\$ 3,972,694
Working capital	3,554,105	3,894,429	3,924,056	3,910,680
Income (loss) for the period	(76,859)	12,882	(30,610)	28,632
Comprehensive income (loss) for the period	(335,477)	12,882	16,411	28,632
Earnings (loss) per share	(0.00)	0.00	(0.00)	0.00

	Three Months Ended August 31, 2021	Three Months Ended May 31, 2021	Three Months Ended February 28, 2021	Three Months Ended November 30, 2020
Total assets	\$ 3,943,838	\$ 3,769,213	\$ 4,315,021	\$ 4,026,204
Working capital	3,882,047	3,733,702	4,272,052	3,986,508
Income (loss) for the period	37,640	(44,624)	3,915	134,930
Comprehensive income (loss) for the period	155,194	(538,350)	286,044	464,080
Earnings (loss) per share	0.00	(0.00)	0.00	0.01

Period to period changes to income tax expense/recovery and unrealized gain/loss on marketable securities relate to the share value of the Company's Newport shareholdings.

During the three months ended August 31, 2022, the Company recorded dividend income of \$54,360.

During the three months ended May 31, 2022, the Company recorded dividend income of \$108,720.

During the three months ended August 31, 2022, the Company recorded dividend income of \$54,360.

During the three months ended February 28, 2022, the Company recorded dividend income of \$54,360.

During the three months ended November 30, 2021, the Company recorded dividend income of \$108,720.

During the three months ended August 31, 2021, the Company recorded dividend income of \$108,720.

During the three months ended May 31, 2021, the Company recorded dividend income of \$108,720.

During the three months ended February 28, 2021, the Company recorded dividend income of \$54,360.

During the three months ended November 30, 2020, the Company recorded dividend income of \$163,080.

### ***Related Party Transactions***

During the year ended August 31, 2022, the Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$32,000 (2021 - \$96,000) to a company controlled by Ian Rozier, CEO and director of the Company.
- b) Paid or accrued management fees of \$64,000 (2021 - \$Nil) to Ian Rozier, CEO & director of the Company.
- c) Paid or accrued directors fees of \$12,000 (2021- \$12,000) to Douglas B. Hyndman, a director of the Company.
- d) Paid or accrued directors fees of \$12,000 (2021 - \$12,000) to Douglas Scheving, a director of the Company.
- e) Paid professional fees of \$72,000 (2021 - \$72,000) to a company controlled by Tyler Friesen, the CFO of the Company.

The following amounts, with respect to the above transactions, are owing to related parties as at August 31, 2022:

- a) \$2,000 (2021 - \$2,000) to Douglas Scheving, a director of the Company
- b) \$2,000 (2021 - \$2,000) to Douglas B. Hyndman, a director of the Company

These amounts are non-interest bearing, unsecured and paid in the ordinary course of business.

Key management includes directors, executive officers and officers of the Company. The Company paid or accrued fees to management or companies controlled by key management as follows:

	August 31, 2022	August 31, 2021
Management fees	\$ 96,000	\$ 96,000
Professional fees	\$ 72,000	\$ 72,000

During the year ended August 31, 2022, the Company reimbursed at cost, rent expense of \$5,000 (2021 - \$12,000) to a company controlled by Ian Rozier, CEO and director of the Company. Additionally, the Company reimbursed rent of \$7,000 (2021 - \$Nil), to a company with a director and officer in common.

### ***Financial and Capital Risk Management***

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and equivalents, receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. The fair value of short term investments and marketable securities was \$3,079,469 at August 31, 2022 (2021 - \$2,471,200), which are level 1 fair value measurements.

### ***Financial Risk Factors***

The Company's Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company is exposed in varying degrees to a variety of financial instrument related risks and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### ***Credit risk***

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and equivalents, short-term investments and marketable securities, the carrying value totalling \$3,508,142, represents the Company's maximum exposure to credit risk. Management believes that the credit risk concentration with respect to financial instruments is remote because cash and equivalents and short-term investments are held with reputable Canadian financial institutions. Receivables consist mainly of GST and interest. The Company does not consider any of its current receivables past due. The Company believes any credit risk associated with its receivables is low due to the historical success of collecting receivables

### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at August 31, 2022, the Company had a cash and equivalents balance of \$428,673, marketable securities of \$2,147,220 and short-term investments of \$932,249, to settle current liabilities of \$28,167. All of the Company's financial liabilities are subject to normal trade terms.

### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

#### a) Interest rate risk

The Company has cash and equivalents balances and short-term investments. The Company's current policy is to invest excess cash in investment-grade short-term deposits certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The effect on net income (loss) of a 1% change in interest rates is approximately \$6,800.

#### b) Price risk

The Company is exposed to equity risk with respect to the market price of its Newport shares. A change in market price will impact the value of its Newport shareholdings and have an impact on other comprehensive income and working capital. The effect on net income (loss) of a 1% change in market price is approximately \$15,700.

### **Capital management**

Grosvenor's objectives when managing capital is to pursue the exploration and evaluation of its mineral property, possibly acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

Grosvenor manages the capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company monitors its expenditures against its available capital.

The Company is currently not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

### ***Risk, Uncertainties and Outlook***

As a company engage in the mineral resource industry, the Company is exposed to a number of risks, including the financial risks associated with no operating cash flow and therefore, may access when necessary, the capital markets to finance its activities.

There can be no assurances the Company will be able to access the capital markets for the funding necessary to acquire and maintain exploration properties. In addition to this having an impact on any future wholly owned projects, the Company could be in a position where it is unable to fund

its share of costs incurred under a joint venture agreement to which it may become a party, and its interest in such a joint venture could be reduced or eliminated as a result.

The Company is very reliant upon its existing management, and if the services of such personnel were withdrawn for any reason, this could have a material adverse impact on the Company's operating activities.

There is competition within the natural resource industry for properties of merit, and the Company competes with other companies possessing greater technical and financial resources than itself. Even if a desirable property was secured, there can be no assurances that the Company will be able to execute its exploration programs on proposed schedules and within cost estimates, whether due to weather conditions in the areas where it operates, increasingly stringent environmental regulations and other permitting restrictions, or other factors related to exploring in areas that lack infrastructure and the availability of essential supplies and services. These conditions may lead to increased costs and difficulties in scheduling contractors at times that are optimal from the Company's perspective.

Exploration activities may require permits from various governmental agencies charged with administering laws and regulations governing exploration, labour standards, occupational health and safety, control of toxic substances, waste disposal, land use, environmental protection and other matters. Failure to comply with laws, regulations and permit conditions could result in fines and/or stop work orders, costs for conducting remedial actions and other expenses. In addition, legislation changes to existing laws and regulations could result in significant additional costs to comply with the revised terms and could also result in delays in executing planned programs pending compliance with those terms.

### ***Contingencies***

As of the date of this MD&A, the Company has no contingencies.

### ***Off Balance Sheet Arrangements***

As of the date of this MD&A, the Company has no off Balance Sheet arrangements.

### ***Investor Relations***

As of the date of this MD&A, the Company has no investor relations agreements.

### ***Proposed Transactions***

As of the date of this MD&A, the Company has no proposed transactions.

### ***Share Capital***

As at the date of this MD&A, the Company had 26,900,694 common shares outstanding and the following outstanding options and warrants:

#### ***Outstanding Options:***

2,650,000 options outstanding, with an exercise price of \$0.17 per share, expiring May 29, 2023.

#### ***Outstanding Warrants:***

Nil

***Disclaimer***

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed [www.sedar.com](http://www.sedar.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.