



MINERAL HILL INDUSTRIES LTD.

Management Discussion and Analysis

For the nine months ended  
September 30, 2022

**Management's discussion and analysis of financial results  
For September 30, 2022  
Containing information up to and including November 24, 2022**

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The following is Management's Discussion and Analysis ("MD&A") of the financial condition of Mineral Hill Industries Ltd. (the "Company" or "MHI") and the financial performance for the nine months ended September 30, 2022. This discussion and analysis should be read in conjunction with the consolidated financial statements and related notes as at, and for the nine months ended September 30, 2022 and 2021. Reference should also be made to the Company's filings with Canadian securities regulatory authorities, which are available at [www.sedar.com](http://www.sedar.com).

This MD&A is the responsibility of management. The Board of Directors carries out its responsibility for the review of this disclosure directly and through its audit committee. The majority of the audit committee is comprised of independent directors who review and, prior to its publication, approve, pursuant to the authority delegated to it by the Board of Directors, this disclosure.

All amounts are in Canadian dollars unless otherwise noted and prepared in accordance with International Financial Reporting Standards ("IFRS").

**Current market conditions**

Certain global pandemic conditions are still causing financial uncertainties and might have a negative impact on the general economic environment. Although the Company has returned its focus actively on the gold exploration business and has completed the first tranche for its initial financing and exploration work, access to public financing may still be limited to exploration companies. If the current market conditions continue, the Company's ability for additional exploration work may be adversely impacted and the trading volume of the Company's shares could remain restrained.

The Company experienced during its completed initial exploration work in 2021 that the contagious disease outbreak and any related adverse economic developments, have adversely affected exploration workforces. While this has had a manageable material impact on the Company to date, it is not possible for the Company to predict the duration or magnitude of the adverse results and its effects on the Company's business or ability to raise funds for its planned subsequent exploration.

**Overview**

The Company is a reporting issuer in Alberta and British Columbia and its common shares are trading on the TSX Venture Exchange (the "TSXV" or "Exchange") under the symbol "MHI" and are also co-listed on the Frankfurt quotation platform in Germany under the symbol "MLN" and OTC Markets in the USA.

Up to the end of 2014, MHI was actively engaged in the acquisition and exploration of natural resources within the mineral industry segment. During the years from 2014 to 2016 the Company experienced extreme difficulties in raising sufficient funds for mining exploration due to the economic climate within that sector at that time.

During the last quarter of 2015, the Company started to investigate its alternative opportunities for the exploration of natural resources within the oil & natural gas industry as well as the possibility to combine its future interest in proprietary waste-to-energy converting technologies.

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After some engagement and serious due diligence of various opportunities within that resource sector, the Company decided in 2019 to change its business direction and pursue an involvement within real estate industry and was able to raise in excess of two million dollars of financing in connection with very valuable real estate assets qualifying for a unique UP-REIT structure in the USA (the "REIT Project"), as referred to in the Company's News Releases and its year-end MD&A filed with SEDAR.ca. Some of those to be acquired real estate assets were agricultural properties which were leased to retail-operators of cannabis-cultivators and dispensaries with considerably high cash flow.

Unfortunately, the application for an approval of the proposed transaction, submitted to the TSXV, could not be finalized, since under the policies of the exchange, publicized in a TSXV bulletin of 2017, which articulated that in respect to the REIT sector, all acquisitions within the USA which are generating more than maximal 10% of the Company's ancillary income from cannabis related projects will not be approved by the TSXV. Therefore, all funds having been raised for the REIT Project (CAD 2,183,381") were returned by the Company to all investors of the REIT Project and Mineral Hill's Board of Directors decided to revert to its original exploration sector and investigate offers it received for possible acquisitions within the gold exploration industry.

On December 24, 2020, the company announced that it had entered into a definitive Earn-In Option Agreement ("EIO Agreement") with Cardinal Geoconsulting Ltd. ("Owner") to acquire up to a 100% interest in Owner's Dot-Apex Claim Group ("Apex Claims") and the Master-ACE Claim Group ("ACE Claims"), located in south-western British Columbia. The Apex Claims consist of contiguous claim cells totalling 2,406.13 hectares and the ACE Claims totalling 695.09 hectares.

On August 26, 2021 the Company announced the closing of its initial private placement offerings of Flow-Through shares ("FTS"), referred to as PP1b under its executed Earn-In Option Agreement (the "EIO-Agr"). PP1b was dedicated for exploration and development expenses of the Dot-Apex Claim Group. The proceeds from PP1b amounted to CAD 101,010 and Mineral Hill issued 336,700 Flow-Through shares at a price of CAD 0.30 per share (PP1b) qualifying as "flow-through mining expenditures" under the Income Tax Act (Canada), which were renounced to the purchasers of such shares in an aggregate amount no less than the proceeds raised from the issuance of the Flow-Through Shares of PP1b. As at September 30, 2022, the Company had used \$77,404 and is committed to spend the remaining \$23,606 for further expenditures by the end of fiscal year 2022.

The Company closed as well the initial tranche of CAD 106,796 for the private placement offering of Non-Flow-Through security units ("NFTS"), also announced on August 16, 2021 as PP1a), and issued 474,648 units at a price of CAD 0.225 per unit. Each unit of PP1a consists of one NFTS common share and one transferable share purchase warrant (the "Warrant") with an overall exercise period of two (2) years. Each Warrant will entitle its holder to purchase one NFTS common share of the Company at a price of CAD 0.30 per share if exercised within the first year of the Closing Date and at a price of CAD 0.34 per share if exercised within the second year following the Closing Date. The proceeds from the unit offering will be used for general working capital.

With the funds raised under PP1a the Company exercised its option and acquired its initial 20% interest in the Apex-Claims (the "First Apex Option") by: (a) paying to the

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Owner \$10,000 cash and (b) issuing 100,000 common shares to the Owner as well as (c) completing its initial exploration commitment under the EIO-Agr in respect to the Apex Claims.

The Company's Dot-Apex exploration program was led by Daniel G. Cardinal, P. Geo., F.G.A.C.

In the fourth quarter of 2021, the Company received the analytical lab results from its Phase I exploration program conducted on the Dot-Apex property (the "Apex-Property") during the late season of 2021 and its Management is very pleased that a number of the rock and soil samples are anomalous and contain elevated gold and silver values. The exploration program consisted of soil and rock sampling surveys, limited geophysical VLF-EM survey and reconnaissance scale geological mapping, designed to investigate positive gold results documented in a National Instrument 43-101 technical report, dated September 9, 2021.

Detailed rock and soil sample results and VLF-EM survey results of the Apex and Dot Zone are outlined in the Company's news release on January 12, 2022.

Subject to the Company having exercised the First Apex Option, the Company is contemplating to exercise its second option and acquire the remaining 80% interest in the Apex Claims if its second option, referred to In the Company's 2021 Q2 MDA, can be extended..

As publicly announced, MHI has also the additional option to acquire an initial 20% interest in the ACE Claims (the "**First ACE Option**") by: (a) paying the Owner \$10,000 cash; (b) issuing 100,000 common shares to the Owner; and (c) incurring or funding \$47,300 of exploration expenditures on the ACE Claims before the first anniversary of the ACE Effective Date. The ACE Effective Date is the later of the date on which the First Apex Option Exercise Notice is delivered to the Owner and closing of PP2 (as described below in the Financing section).

Subject to the Company having earned the First ACE Option, the Owner will grant the Company a second option to acquire a further 80% interest in the ACE Claims, bringing its total earned interest from 20% to 100%, by: (a) paying the Owner \$15,000 cash; (b) issuing 150,000 common shares to the Owner; and (c) incurring or funding \$74,100 of exploration expenditures on the ACE Claims before the second anniversary of the ACE Effective Date.

The Owner will retain a 2% net profit interest royalty on the Apex Claims and the ACE Claims.

### **Highlights of Events**

The following are highlights of events occurring during the nine months ended September 30, 2022 and subsequent thereto:

On December 24, 2020, the company announced that it had entered into a definitive Earn-In-Option Agreement ("EIO Agreement") with Cardinal Geoconsulting Ltd. ("Owner") to acquire up to a 100% interest in the Dot-Apex Claim Group ("Apex Claims") and the Master-ACE Claim Group ("ACE Claims"), located in south-western British Columbia.

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The Apex Claims consist of contiguous claim cells totalling 2,406.13 hectares and the ACE Claims totalling 695.09 hectares. Details are explained in the Overview section.

On April 14, 2021, the Company announced the resumption of trading of its shares after a lengthy trading halt.

On April 27, 2021, the Company announced a private financing in two parts.

On August 26, 2021, the Company announced the closing of the first tranches of two private placement financings PP1a and PP1b and completed its first phase of the budgeted DOT-Apex exploration program during September and October 2021.

On November 17, 2021 the Company announced that it had executed a non-binding Memorandum of Understanding ("MOU") with an overseas corporation ("GEMSCO") for the acquisition and financing of mineral resource assets consisting of alluvial gems and precious minerals located in South Africa ("Gems-Assets"). On February 28, 2022, the Company and GEMSCO agreed to terminate the MOU and enter into a Letter of Intent ("LOI") with terms resulting in a change of control positions within the Company to be announced.

On December 13, 2021, Mineral Hill announced a private placement funding, dedicated as "Bridge Financing" for the completion of the Company's due diligence of the RTO-Project. Subsequently to the review of all aspects of the non-binding MOU) the parties to the MOU agreed to terminate the MOU and negotiate alternatives to incorporate the Gems-Assets for the benefit of its shareholders. Consequently, Mineral Hill announced on February 28, 2022 the cancellation of the previously announced "Bridge Financing" of \$150,000.

On April 14, 2022 the Company announced that Dieter Peter, president, chief executive officer and a director of Mineral Hill and also founder and CEO of Merfin Management Limited ("MRF"), a private holding Company and MHI's current controlling shareholder, had initiated the possible sale of up to 11.0 million common shares of MHI held by MRF (the MRF/MHI-Shares) at a price between US\$ 0.03 and US\$ 0.05 per MRF/MHI-Share pursuant to an exclusive purchase option (the "Call-Option") granted to Fairmont Resources Limited and its affiliates ("Fairmont" or "Optionee"). The Call-Option can be exercised in two steps.

Fairmont Resources Limited is a private company incorporated and existing under the laws of England and Wales, of which Mr. Kevin Collins is founder and controlling shareholder.

MHI has currently 20,724,807 common shares ("MHI-Shares") and 474,648 share purchase warrants ("Warrants") outstanding of which MRF owns 11,677,646 MHI-Shares plus 129,980 Warrants and Mr. Peter owns 1,752,965 plus 115,000 Warrants, representing respectively 55.70% and 8.81% of the Company's issued and outstanding securities.

As a result of Fairmont's Call-Option and pursuant to its full execution (the "Call-Option Transaction"), the Fairmont group will own 11,000,000 MHI-Shares, MRF will own 677,646 MHI-Shares plus 129,980 Warrants and Mr. Peter will still own 1,752,965 shares plus 115,000 Warrants of MHI, representing respectively an ownership of 51.89% by Fairmont,

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3.81% by MRF and 8.81% by Mr. Peter's ownership of the Company's current issued and outstanding securities.

The share transfer via the Call-Option Transaction will represent a change of control and obtained the unanimous approval of disinterested shareholders at the Annual General and Special Meeting called by the Company for June 16, 2022.

Fairmont, either directly or through its subsidiaries and/or affiliates has entered into acquisition and significant financing agreements to acquire and finance substantial precious mineral and gem-stone projects located in South Africa and Sierra Leone and assembled a highly qualified exploration and mining team.

Under the terms of the Call-Option granted by MRF, Fairmont has committed to raise for the Company an initial equity financing as working capital via a private placement of CAD 150,000 as pre-condition to trigger the effective date for the Call-Option.

During the Company's negotiation with Fairmont in respect to the Call-Option granted by MRF, announced on April 13, 2022, it became very clear that Fairmont would prefer not to maintain the Company's wholly owned but inactive subsidiary Global Environomic Systems Corp ("GSC") as subsidiary as the future focus will remain on its natural resource projects and possible new projects within the exploration and mining industry segment.

The Company's Board of Directors (the "BoD") initially passed a resolution to transfers 100% ownership of inactive subsidiary GSC to "The Eelleet Network Corp" ("TEN"), a related company affiliated through common directors, for a total consideration of \$1.00 but considering a possible conflict of interest, such transfer was subsequently withdrawn by the BoD for reconsideration of a transfer to an arm-length entity or deregistration of GSC.

The Company's shares resumed trading on April 25, 2022 and the price of the private placement has been determined to be \$0.25 per share.

### ***Overall Performance***

#### **Financing**

On May 14, 2021 the Company announced the TSXV's approval for the settlement of its outstanding debt owed to insiders through the issuance of 1,231,404 common shares to Merfin Management Limited ("Merfin") and 42,867 common shares to Andrew von Kursell ("Avk") in order to eliminate the cash advances provided by Merfin and Avk (jointly called "Insider Debt") of CAD 277,066 and CAD 9,645 respectively.

The price for the shares to settle the Insider Debt was approved to be CAD 0.225 with no warrants attached. None of the Insider Debts included any interest nor salary payments and have always been recorded in the Company's audited year-end financial statements from 2018 to 2020 as well as in its quarterly financials.

On August 26, 2021, the Company completed the announced private placements PP1a and PP1b for the exploration of its contracted gold claims in British Columbia.

On November 18, 2022, the Company informed the TSXV that the private placement which Fairmont had committed to under the terms of the Call-Option granted by Merfin will be cancelled after it did not close after two extensions had been granted by the TSXV and

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and the Company is following up with an alternative overseas investor who offered the by MHI requested financing.

The Company is presently in the process of finalizing a new private placement for general working capital in the amount of \$150,000 with a company in Switzerland.

**Results of Operations**

**Nine months ended September 30, 2022, compared to the nine months ended September 30, 2021**

Net loss and comprehensive loss for the nine months ended September 30, 2022, was \$48,554 (loss per share - \$0.00) compared to a loss of \$51,797 (loss per share - \$0.00) for the corresponding period in 2021. Being at the development stage, the Company did not generate any revenue from operations. The decrease in loss of \$3,243 was mainly attributable to:

1. A decrease of \$501 in bank charges and interest from \$2,376 in 2021 to \$1,875 in 2022;
2. A decrease of \$735 in investor relations from \$5,103 in 2021 to \$4,368 in 2022 mainly due to an increased number of news releases;
3. An increase of \$5,565 in professional fees from \$23,492 in 2021 to \$29,057 in 2022;
4. A decrease of \$8,972 in development and consulting cost from \$8,972 in 2021 to \$Nil in 2022;
5. An increase of \$3,651 in currency exchange from \$(3,651) in 2021 to Nil in 2022.
6. A decrease of \$2,492 in transfer agent and filing fees from \$15,797 in 2021 to \$13,305 in 2022

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Summary of Annual Results	December 31 2021	December 31 2020	December 31 2019
	\$	\$	\$
<b>Net revenue</b>	-	-	-
<b>Loss from operations</b>			
- in total	(75,357)	17,487	(17,324)
- on a per-share basis	(0.00)	(0.00)	(0.00)
- on a diluted per-share basis	(0.00)	(0.00)	(0.00)
<b>Net loss</b>			
- in total	(75,357)	(17,487)	(17,324)
- on a per-share basis	(0.00)	(0.00)	(0.00)
- on a diluted per-share basis	(0.00)	(0.00)	(0.00)
<b>Total Assets</b>	149,309	24,116	47,900
<b>Total long-term financial Liabilities</b>	-	-	-
<b>Cash dividends declared per share</b>	-	-	-

Selected Quarterly Information

Three months ended	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Total assets	122,887	129,364	137,249	149,309	175,189	13,288	20,846	24,116
Exploration and evaluation assets	109,904	109,904	109,904	104,904	51,690	-	-	-
Working capital	(158,552)	(153,090)	(142,238)	(104,999)	(38,083)	(201,657)	(477,140)	(444,614)
Shareholders' equity	(48,359)	(42,896)	(32,044)	195	13,897	(201,657)	(477,140)	(444,324)
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net gain/(loss)	(5,463)	(10,852)	(32,239)	(23,560)	(7,752)	(11,229)	(32,816)	37,825
Earnings (loss) per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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**Liquidity**

The Company's working capital and deficit positions at September 30, 2022 and December 31, 2021 were as follows:

	September 30 2022	December 31 2021
Working capital (deficit)	\$ (158,552)	\$ (104,999)
Deficit	\$ (19,056,937)	\$ (19,008,383)

The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company has limited financial resources, has presently no operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the sale of equity securities and support from insiders. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions, the commodity prices and the Company's production and exploration success. The global securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

**Capital Resources**

At September 30, 2022, there were 20,724,807 (December 31, 2021: 20,724,807) common shares outstanding without par value, and a consolidated deficit of \$(19,056,937) (December 31, 2021: \$(19,008,383)), resulting in a shareholder's loss of \$(48,359) (December 31, 2021: gain of \$195).

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

Additional disclosure concerning the Company's general and administrative expenses and resource property costs is provided in the Company's Statement of Operations and Deficit included in its consolidated financial statements for the nine months ended September 30, 2022, which are available on SEDAR at '[www.SEDAR.com](http://www.SEDAR.com)'.

**Related Party Transactions**

During the nine months ended September 30, 2022, the Company entered into the following transactions with related parties.

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The Company charged, as a recovery of office expenses 50% of the office expenses to The Eelleet Network Corp., a company related by common directors and officers, a total amount of \$496 (2021: \$1,572).

***Key management personnel compensation***

For the past seven years the remuneration of key management personnel consisted solely of share-based compensation, which during the nine months ended September 30, 2022, and 2021 was \$Nil.

As at September 30, 2022, the Company recognized due from related parties, being companies with common directors, of \$290 (2021- \$290).

Also, as at December 31, 2020, the Company had sold previously held 312,500 shares of Nass Valley Gateway Ltd., a company related via common directors until June 2019, for \$74,544 for a realized gain of \$55,614.

***Advances received from related party***

During the nine months ended September 30, 2022, the Company received advances of \$Nil (2021 - \$Nil) from a director. During the year ended December 31, 2021, the Company settled payables, including the amounts advanced during December 31, 2020, of \$277,066 and \$9,645 to Merfin Management Limited and Andrew von Kursell for the issuance of 1,231,404 and 42,867 common shares respectively.

**Off Balance Sheet Arrangements**

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

**Directors and Officers**

Dieter Peter	President, CEO and Director
Andrew von Kursell	Director, Chair of Audit Committee, Interim Chief Financial Officer
Grant A Hendrickson	Director, Member of Audit Committee
Eric Peter-Kaiser	Director, Interim Corporate Secretary
Milo Filgas	Director, Member of Audit Committee

During the nine months ended September 30, 2022, the Company received advances totaling \$Nil (2021 - \$Nil)

**Outstanding Share Data as at November 24, 2022**

	Number outstanding	Exercise price in 1 <sup>st</sup> year*	Exercise price in 2 <sup>nd</sup> year*	Expiry Date
Common shares	20,724,807			
Common shares issuable on exercise:				
Warrants	474,648	\$0.30	\$0.34	September 7, 2023

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\*Each warrant will entitle the holder to purchase one common share of the Company at a price of \$0.30 per share if exercised within the first year of the closing date and at a price of \$0.34 if exercised within the second year of the closing date. If, at any time after the closing date, the price of the Company's common shares on the TSX Venture Exchange is greater than \$0.45 per share for a period of 12 consecutive trading days, the Company may elect to accelerate the expiry date of all or part of the warrants, by giving notice thereof to the holders of the Warrants. In such case, that portion of outstanding warrants would be subject to an expiry date that is 30 business days after the date on which such notice is given by the Company.

### **Future Developments**

For 2022, the Company is focusing on raising adequate capital to either complete its payments and the second phase of its exploration plans of the DOT-Apex claim group and possibly keep the required initial conditions under its exclusive option for the acquisition of the previously announced Master ACE claim group in good standing.

The Company has not exercised its initial intent to acquire certain rights to the waste-to-clean-energy technology ("EnviroX") of its subsidiary Global Environomic Systems Corp ("GSC"). Since the Company assumed control over GSC in February 2016, GSC remained total inactive as Mineral Hill is focusing on its natural resource projects. Management has never put any material value on GSC and may consider transferring its ownership to an interested arms-length third party in order to align the Company's corporate structure.

### **Risks and Uncertainties**

The Company had been mainly engaged in the exploration of natural resources in the past and has decided to continue that business direction through careful due diligence by establishing an experienced and knowledgeable operation team. Nevertheless, the Company cannot assure its investors and shareholders that it will be able to operate such to be acquired projects successfully or profitable and complete additional suitable investments resulting in attractive risk-adjusted returns to its shareholders which over the long term will generate sufficient cash flow and generate capital appreciation.

The following are some of the key risks and uncertainties identified; however, there may be other risks and uncertainties that would include:

- the availability of investment opportunities;
- an increase in competition to acquire suitable projects throughout the world or other adverse circumstance may make it not possible for the Company to finance additional acquisitions and/or the Company may be unable to invest its proceeds from future financings on acceptable terms;
- additional new laws, amid the present pandemic, that are unfavorable to the business of the Company may be enacted and current favorable laws related to resource business may be modified or eliminated in the future;
- the Company is dependent on key personnel and key advisors for the success of any transaction. The departure of any of its executive officers or key personnel could have a material adverse effect on the Company's business as additional costs will be incurred to find replacements or additional availability of experts;

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- the Company's growth will still depend to a great deal on external sources of capital, which may not be available at acceptable terms or at all. In addition, financial institutions may be reluctant to enter into lending transactions with the Company.
- the Company expects that most of its initial acquisitions may still be start-up prospects and may be unable to pay the subsequently necessary development funds, which could adversely affect the Company's investments funds available for any mine development or otherwise impair the value of investments for its shareholders;
- compliance with environmental laws and inflation may materially increase the Company's operating expenses.

### **Financial Instruments**

The Company's present financial instruments consist of cash and equivalents, receivables, due from related parties, accounts payable and accrued liabilities and due to related parties and, in the future, possibly corporate bonds and other financial instruments. Unless otherwise noted, it is management's opinion that the Company is presently not exposed to significant interest payments, currency or credit risks arising from any financial instruments generated from no arms-length parties.

### **Credit risk**

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and equivalents, marketable securities, receivables, and contributions from related parties. The Company limits its exposure to credit risk on liquid financial assets through managing its cash and equivalents and marketable securities with quality financial institutions.

Amounts due to and from related parties are discussed in Note 8 of the financial statements.

### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied solely upon equity financings and loans from insiders to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance that the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipates the need of additional capital in the future to finance ongoing explorations and acquisitions, such capital cannot be derived from the exercise of outstanding stock options, warrants but more so through the completion of additional equity financings or other financing instruments available to the Company. The Company will have no operating income in the near future and has no assurance that additional funding or alternative financing instruments will be available to it for future acquisitions, although it has been successful in the past in financing its activities through the sale of equity securities and insider loans. The ability of the Company to arrange additional

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financing in the future will depend, in part, on the prevailing capital market conditions and operational success of its current mineral assets and possible new acquisition opportunities. In recent years, the securities markets in Canada and globally have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in prices for qualifying projects will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

### **Critical Accounting Estimates**

The preparation of consolidated financial statements requires management to make estimates and judgements that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of expenses during the reporting periods. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Actual results could differ materially from those reported.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, that could result in material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made. Management had classified the subscriptions proceeds as liabilities until the equity related to the subscription proceeds is issued, at which time these proceeds will be reclassified as equity.

### **Changes in Accounting Policies**

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

### **Forward-Looking Statements**

The statements made in this MD&A that are not historical facts contain forward-looking information that involves risk and uncertainties. All statements, other than statements of historical facts, which address the Company's expectations, should be considered forward-looking statements. Certain forward-looking information should also be considered future-oriented financial information ("FOFI") as that term is defined in NI 51-102. The purpose of disclosing FOFI is to provide a general overview of management's expectations regarding the anticipated results of operations and capital expenditures. Such statements are based on management's exercise of business judgment as well as assumptions made by and information currently available to management. When used in this document, the words "may", "will", "anticipate", "believe", "estimate", "expect", "intend" and words of similar import, are intended to identify any forward-looking statements. These forward-looking statements are set forth principally under the heading "Property Overview" and elsewhere in Management's Discussion and Analysis and may include statements regarding perceived merit of properties; capital expenditures; feasibility study results at the Company's properties; budgets; work programs; timelines; strategic plans; or other

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statements that are not statement of fact. The material factors or assumptions used to develop forward-looking statements include prevailing and projected market prices and foreign exchange rates, exploitation and exploration estimates and results, continued availability of capital and financing, and general economic, market or business conditions and as more specifically disclosed throughout this document. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company and its subsidiaries may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties, and other factors.

The Company's forward-looking statements are based on the beliefs, expectations, and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in fluctuations project values and currency exchange rates; uncertainties relating to interpretation of estimates of capital and operating costs and estimated economic return; the need for cooperation of government agencies in the development of project assets and the issuance of required permits; the need to obtain additional financing to develop the assets and uncertainty as to the availability and terms of future financing; the possibility of delay in development programs on in construction projects and uncertainty of meeting anticipated program milestones; uncertainty as to timely availability of permits and other governmental approvals; and other risks and uncertainties disclosed on the Company's other information released by the Company and filed with the applicable regulatory agencies.

The reader should not place undue reliance on these forward-looking statements. These statements reflect the Company's current view of future events and are subject to certain risks and uncertainties as contained in the Company's filings with Canadian securities regulatory authorities. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, the Company's actual results could differ materially from those anticipated in these forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of any unanticipated events. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that such expectations will materialize. The forward-looking statements made in this MD&A describe the Company's expectations as at November 24, 2022.

*"Dieter Peter"*

On behalf of the Board  
Dieter Peter, Chief Executive Officer  
November 24, 2022