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**VALHALLA METALS INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(EXPRESSED IN US DOLLARS)**

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**VALHALLA METALS INC.**  
**Management Discussion and Analysis**  
**For the year ended December 31, 2022**

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**INTRODUCTION**

The following Management's Discussion and Analysis ("MD&A") of Valhalla Metals Inc. (the "Company") should be read in conjunction with the accompanying audited consolidated financial statements as at December 31, 2022 and 2021, and a summary of significant accounting policies and other explanatory information, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), all of which are available at the SEDAR website at [www.sedar.com](http://www.sedar.com).

All dollar amounts in the MD&A are expressed in United States dollars unless otherwise indicated.

All information contained in the MD&A is effective as of April 12, 2023 unless otherwise indicated.

Monetary amounts in the following discussion are in US dollars unless otherwise noted.

This MD&A contains Forward Looking Information.  
Please read the Cautionary Statements on page 2 carefully.

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**FORWARD LOOKING STATEMENTS**

This MD&A contains certain forward-looking statements or forward-looking information within the meaning of applicable Canadian securities laws. All statements and information, other than statements of historical fact, included in or incorporated by reference into this MD&A are forward-looking statements and forward-looking information, including, without limitation, statements regarding activities, events, or developments that we expect or anticipate may occur in the future. Such forward-looking statements and information can be identified, using forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue" or similar words and expressions or the negative thereof. There can be no assurance that the plans, intentions, or expectations upon which such forward-looking statements and information are based will occur or, even if they do occur, will result in the performance, events or results expected.

The forward-looking statements and forward-looking information reflect the current beliefs of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors which could cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed in or implied by the forward-looking statements. This forward-looking information includes estimates, forecasts, plans, priorities, strategies and statements as to the Company's current expectations and assumptions concerning, among other things, ability to access sufficient funds to carry on operations, compliance with current or future regulatory regimes, particularly in the case of ambiguities, financial and operational performance and prospects, collection of receivables, anticipated conclusions of negotiations to acquire projects or investments, our ability to attract and retain skilled staff and consultants, expectations of market prices and costs, expansion plans and objectives, requirements for additional capital, the availability of financing, and the future development and costs and outcomes of the Company's projects or investments. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.

We caution readers of this MD&A not to place undue reliance on forward-looking statements and information contained herein, which are not a guarantee of performance, events or results and are subject to several risks, uncertainties and other factors that could cause actual performance, events, or results to differ materially from those expressed or implied by such forward-looking statements and information. These factors include: unanticipated future operational difficulties (including cost escalation, unavailability of materials and equipment, Valhalla disturbances or other job action and unanticipated events related to health, safety and environmental matters); social unrest; failure of counterparties to perform their contractual obligations; changes in priorities, plans, strategies and prospects; general economic, industry, business and market conditions; disruptions or changes in the credit or securities markets; changes in law, regulation, or application and interpretation of the same; the ability to implement business plans and strategies, and to pursue business opportunities; rulings by courts or arbitrators, proceedings and investigations; inflationary pressures; and various other events, conditions or circumstances that could disrupt the Company's priorities, plans, strategies and prospects including those detailed from time to time in the Company's reports and public filings.

This information speaks only as of the date of this MD&A. The Company undertakes no obligation to revise or update forward-looking information after the date of this document, nor revise to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws or policies.

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#### THE COMPANY

Valhalla Metals Inc. (formerly SolidusGold Inc.) (“Valhalla” or the “Company”) was incorporated on April 13, 2011 under the laws of British Columbia and has a registered office located at 2800 Park Place, 666 Burrard Street, Vancouver, BC, V6C 2Z7, Canada. The Company is a public company whose shares are listed for trading on the TSX Venture Exchange (“TSXV”) under the symbol “VMXX”.

#### RECENT EVENTS

##### **Reverse Acquisition Transaction**

On September 16, 2022, the Company completed the acquisition of Valhalla Metals, Inc. (US) (“Valhalla US”), a private Alaska-based company that was incorporated on May 13, 2018. Valhalla US is in the business of exploring and developing mineral projects that are considered to be properties of potential economic mineralization. The Company acquired all of the issued and outstanding shares of Valhalla US under a share purchase agreement (the “Reverse Takeover Transaction”, the “Transaction” or the “RTO”). In connection to the Transaction, the Company changed its name from SolidusGold Inc. (“Solidus”) to Valhalla Metals Inc.

On the closing of the RTO, Valhalla US became a wholly-owned subsidiary of the Company. As Valhalla US is deemed to be the acquirer for accounting purposes, its assets and liabilities and operations since incorporation on May 13, 2018 are included in the consolidated financial statements at their historical carrying values. Solidus’ results of operations are included from the closing date, September 16, 2022, and onwards.

On September 16, 2022, pursuant to the Business Combination Agreement dated February 7, 2022, the Company and Valhalla US completed the transaction whereby the Company acquired all of the issued and outstanding common shares of Valhalla US. As part of the RTO, the Company also completed a private placement with Marubeni Metals & Minerals (Canada) Inc. (“**Marubeni**”) whereby Marubeni made a strategic equity investment of approximately CAD\$ 8,290,000. The Company also completed a subscription receipt financing for gross proceeds of CAD\$ 1,940,380.50 (the “**Concurrent Private Placement**”). On an aggregate basis, the Company completed financings for an aggregate of CAD\$ 10,230,380.50.

The Company currently has no revenues and supports its operations through the sale of equity. The value of any mineral property is dependent upon the existence or potential existence of economically recoverable mineral reserves. See section related to “Risk Factors” in this statement.

#### Transaction Summary

In connection with the Transaction:

- The Company effected a consolidation of its outstanding common shares (“Common Shares”) on a 5:1 basis that resulted in 12,479,790 Subordinate Voting Shares;
- The Company changed its name to “Valhalla Metals Inc.”; and the notice of articles and articles of the Company were altered to re-designate the Common Shares as subordinate voting shares of the Company (the “Subordinate Voting Shares”) and to create a new class of multiple voting shares of the Company (“Multiple Voting Shares”) which were issued to U.S. resident holders of Valhalla US shares under the Transaction;
- Each Valhalla US Common Share issued and outstanding held by a non-U.S. Resident was exchanged for 444.9903 Valhalla Subordinate Voting Shares; and each Valhalla US Common Share issued and outstanding held by a U.S. Resident was exchanged for 4.4499 Valhalla Multiple Voting Shares;

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- An aggregate of 1,791,085 Valhalla Subordinate Voting Shares were issued along with 482,087 Valhalla Multiple Voting Shares pursuant to the reverse acquisition transaction. Each Valhalla Multiple Voting Share is exchangeable for 100 Valhalla Subordinate Voting Shares. The ability to convert the Multiple Voting Shares is subject to a restriction that the aggregate number of Subordinate Voting Shares and Multiple Voting Shares held by US residents may not exceed 40% of the aggregate number of Subordinate Voting Shares and Multiple Voting Shares issued and outstanding after such conversions;
- At closing, Valhalla Mining, LLC has acquired Multiple Voting Shares and now holds an aggregate of 367,299.20 Multiple Voting Shares. In aggregate, Valhalla Mining, LLC directly or indirectly controls approximately 44.28% of the outstanding Subordinate Voting Shares on a partially diluted basis assuming the conversion of all Multiple Voting Shares into Subordinate Voting Shares; Marubeni has acquired 16,580,000 Subordinate Voting Shares and now holds an aggregate of 16,580,000 Subordinate voting shares. In aggregate, Marubeni directly or indirectly controls approximately 19.99% of the outstanding Subordinate Voting Shares on a partially diluted basis assuming the conversion of all Multiple Voting Shares into Subordinate Voting Shares.

#### **Financing activities**

On September 16, 2022 the Company completed a private placement with Marubeni Metals & Minerals (Canada) Inc. whereby Marubeni made a strategic equity investment of approximately CAD\$ 8,290,000 for 16,580,000 Subordinate Voting Shares at a price of CAD\$0.50 per share on a post-consolidated basis. The Company also completed a subscription receipt financing for gross proceeds of CAD\$ 1,940,380.50. Each subscription receipt was converted into a common share of a newly incorporated company and subsequently exchanged into Subordinate Voting Shares for an aggregate of 3,880,761 Subordinate Voting Shares. On an aggregate basis, the Company completed financings for an aggregate of CAD\$ 10,230,380.50 and issued a total of 20,460,761 Subordinate Voting Shares.

In November 2022, the Company issued to certain directors, officers, employees, and consultants stock options that would allow them to acquire a total of 4,375,000 subordinate voting shares in the capital of the Company at an exercise price of CAD\$ 0.50. All Options were granted pursuant to the Company's 10% rolling stock option plan and are subject to the terms of the Plan, the applicable grant agreements and the requirements of the TSX-V. The Options are exercisable for a five-year term expiring November 7, 2027.

In November 2022, the Board has approved the settlement of CAD\$ 142,500 of debt owed to MA2 Capital Inc., a company controlled by Sorin Posescu, the Company's CEO, through the issuance of subordinate voting shares of the Company (the "**Debt Settlement**"). Pursuant to the Debt Settlement, on December 12, 2022, the Company issued 285,000 subordinate voting shares of the Company (the "**Shares**") at a deemed price of CAD\$ 0.50 per Share. All securities issued will be subject to a four month hold period which will expire on the date that is four months and one day from the date of issue.

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#### PROPERTY DESCRIPTIONS

##### Sun Property

This summary of the Sun Property below has been extracted from the summary section of the technical report titled "Technical Report on the Sun Project, Brooks Range, Alaska, USA" dated May 13, 2022 with an effective date of December 7, 2021, prepared by Michael M. Gustin, C.P.G., of Mine Development Associates, A Division of RESPEC, for SolidusGold Inc. and filed on Sedar on May 18, 2022 (the "Technical Report"). The Technical Report was prepared for the Company in accordance with NI 43-101 by a "qualified person", as defined in NI 43-101. Defined terms used in this summary shall have the meanings ascribed to such terms in the Technical Report and a copy of the Technical Report is available for inspection upon request.

The information included or incorporated by reference herein is based on assumptions, qualifications and procedures which are set out in the Technical Report. For a complete description of the assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the Technical Report.

##### *Property Description and Ownership*

The Sun project is located in the Sun Hills at the eastern end of the Ambler Mining District, which lies along the southern flank of the western Brooks Range in northwestern Alaska. The Sun property is comprised of 392 contiguous State of Alaska claims that total about 25,382 hectares in area. Valhalla holds a 100% interest in the claims.

The property is subject to a 3% net-income production royalty payable to the State of Alaska and a progressive 3 to 7% net-income (with allowable depletion) mining-license tax also payable to the state. The mining-license tax has a no-tax grace period for the first 3.5 years of commercial production from the property. The Sun project also is subject to a 2% net smelter returns production royalty shared by and retained by the founding shareholders of Valhalla US.

The property currently is accessible only by air via helicopter and a small fixed-wing air strip on the project. The Alaska Industrial Development and Export Authority ("AIDEA"), a state corporation that promotes economic development in Alaska, received a Record of Decision ("ROD") on July 23, 2020, for construction of a 340-kilometer private industrial-access-only road, referred to as the Ambler District Industrial Access Project ("AMDIAP"), which would connect the Ambler District to the Dalton Highway near the Trans-Alaska Pipeline's Pump Station 5. On January 6, 2021, the Bureau of Land Management, National Park Service, and the Alaska Industrial Development and Export Authority ("AIDEA") signed documents granting a 50-year right-of-way for the future construction of the AMDIAP. AIDEA is currently working on feasibility and permitting studies that are expected to be completed in 2023, in preparation for the initiation of construction in 2024. The ROD is subject to ongoing litigation.

##### *Exploration and Mining History*

The Ambler District had limited production of placer gold in the 1890s, and exploration for gold, uranium, and copper was conducted in the late 1940s. Modern exploration and discovery of volcanogenic massive-sulfide deposits and carbonate-hosted copper-cobalt deposits was initiated in 1956 by Bear Creek Mining Company ("**Bear Creek**"), the exploration arm of Kennecott Copper Corporation ("**Kennecott**"). By 1966, Bear Creek had located geochemical anomalies at all of the major prospects now recognized in the Ambler District. Sunshine Mining Company ("**Sunshine**") entered the district in 1973, followed by Noranda Exploration Company ("**Noranda**"; operator for a consortium that included GCO Minerals Company and Houston Oil & Minerals), the Anaconda Company ("**Anaconda**"), the Ambler Mining Company (a partnership of Sunshine and Anaconda), Cominco American Resources Inc. ("**Cominco**"), Falconbridge, and Union Carbide. By 1986, only Kennecott and Cominco remained active in the district. As of 2021, Ambler Metals Inc., Trilogy Metals Inc., NANA (the regional native corporation for northwest Alaska), South 32 Limited, and Valhalla hold property in the Ambler District. No hard-rock production has occurred in the Ambler District since the early 1900s.

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Bear Creek discovered the Picnic Creek massive-sulfide prospect, located in the northern part of the current Sun project, in 1966 and drilled five holes at the prospect from 1975 to 1983. This drilling encountered copper, lead, zinc, and silver mineralization.

In 1974, Sunshine discovered the Main Sun prospect, located over one kilometer southwest of Picnic Creek and drilled nine core holes, eight of which encountered massive-sulfide mineralization. Sunshine also found gossan at what became known as the SW Sun prospect, one kilometer southwest of the Main Sun mineralization. The Noranda consortium also began work in 1974 on the Hot claims, primarily located around Bear Creek's Picnic claims north and northeast of Sunshine's Sun claims. The consortium drilled nine core holes on their claims, four of which encountered sulfide horizons along strike to the northeast of what became the Main deposit. The Ambler Mining Company conducted extensive exploration at the Main deposit area from 1975 to 1981, including the drilling of 24 core holes.

Cominco acquired control of the entire Sun property, during a period of consolidation within the Ambler District in 1985 and 1986, including Bear Creek's Picnic claims, Sunshine's Sun claims, and the Noranda consortium's Hot claims. Cominco drilled two holes well to the west of the current SW deposit.

No further exploration was conducted on the Sun property until it was acquired by Andover Mining Corporation ("**Andover**") in 2006 and 2007. Andover located new claims covering the previous Sun claims and expanded the property to its maximum size under Andover ownership by 2011. A field camp and airstrip were constructed, baseline water sampling was conducted, soil and rock-chip samples were collected, and an aerial topographic survey was commissioned. Andover drilled 21 core holes in 2007, seven core holes in 2011, and 20 core holes in 2012, with an emphasis on the Main and SW deposit areas. At least six new prospects were also identified, mapped, and sampled in 2012. In the same year, Andover resampled some mineralized intervals of drill core from previous operators. Andover went bankrupt in 2014, resulting in all claims being transferred to the debt facilitator LeadFX Inc. (with the corporate entity renamed to North 67). In December 2017, LeadFX Inc. did not renew their claims, and Valhalla Mining, LLC acquired 230 contiguous Sun claims through staking in early December 2017 and June 2018. Valhalla Mining, LLC transferred the Sun claims to Valhalla US in June 2018. In September 2021, Valhalla US staked 162 new claims north, south, and east of the original 230 contiguous Sun block. As of the Effective Date of this report, Valhalla has not performed any exploration work at the Sun property.

#### *Geology and Mineralization*

Northern Alaska consists of various east-trending, structurally bound and possibly far-traveled imbricate allochthons containing rocks that have been complexly juxtaposed during the tectonic evolution of the region. The Ambler District lies within the Coldfoot subterrane of the Arctic Alaska terrane, within an east-trending zone of Devonian to Jurassic submarine volcanic and sedimentary rocks.

The Coldfoot subterrane in the Ambler District consists of a thick package of fine-grained Paleozoic pelitic sedimentary rocks known as the Anirak schist, within which lies the Ambler Sequence. The Ambler Sequence is a Devonian to Early Mississippian island-arc assemblage that was accreted to ancestral Alaska by late Paleozoic time. It includes felsic ash-flow tuffs, submarine ignimbrites and domes, mafic flows, pyro-turbidites, and black carbonaceous shales. The sequence averages approximately 1.5 kilometers in thickness and is composed of approximately 60% volcanic and volcanoclastic rocks, 25% carbonate sedimentary rocks, and 15% pelitic sedimentary rocks. The volcanic rocks are bimodal, with rhyolite predominating over basalt. The rocks have been metamorphosed to lower greenschist facies by complex northward-overtaken isoclinal folding during the Mesozoic Brooks Range orogeny.

The Ambler District volcanogenic massive-sulfide prospects are associated with felsic metavolcanic and interspersed metasedimentary rocks of the Ambler Sequence along the southern flank of the Kalurivik Arch. Two major types of massive-sulfide mineralization are recognized: massive sulfides adjacent to major hydrothermal vent areas and laterally extensive massive sulfides that lack well-defined vent areas.

At the Sun property, which is located at the eastern end of the Ambler District, volcanogenic massive-sulfide mineralization has been discovered at the Main and SW Sun deposits and the Picnic Creek prospect. The

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Sun mineralization occurs on the north limb of an overturned syncline in felsic volcanic rocks in the upper portion of a northeast-trending belt of felsic metavolcanic and metasedimentary rocks. Significant mineralization has been intersected at the Sun property over a strike length of almost 3.5 kilometers, from the southernmost drill hole at the SW deposit northeast to the Picnic Creek prospect. The Main and SW deposits are comprised of multiple individual lenses that are spatially related; three primary horizons of massive-sulfide mineralization have been identified at the Main deposit, and two at the SW deposit. The massive sulfides are comprised primarily of sphalerite, tetrahedrite-tennantite, galena, chalcopyrite, bornite, pyrite, pyrrhotite, and arsenopyrite.

The uppermost of the three predominant massive-sulfide horizons at the Main Sun deposit is at present the most important from a potential economic standpoint, with true thicknesses that can exceed 10 meters. The other two horizons lie below the principal lens and are progressively thinner and less continuous. The SW deposit as presently defined is comprised of two thin massive-sulfide horizons, with the lower horizon again being less continuous. Four horizons of sulfide mineralization have been recognized at the Picnic Creek prospect area, but the drilling is sparse, and details of the mineralized extents are uncertain.

*Metallurgical Testing and Mineral Processing*

The only metallurgical test work completed to date on mineralization from the Sun property was conducted by Anaconda in 1976, 1977, and 1982 using various composite samples of drill core. While significantly more metallurgical work is needed to properly characterize the Sun mineralization, the testing demonstrated the amenability of the sulfide mineralization to conventional froth flotation concentration.

*Mineral Resource Estimate*

The copper-zinc-silver-lead-gold resources at Sun were modeled and estimated by:

- evaluating the drill data statistically;
- modeling semi-massive to massive-sulfide zones on cross sections;
- modeling mineral domains for each of the five metals independently on the same set of cross sections;
- refining the mineral-domain interpretations on level plans spaced at five-meter vertical intervals and using these level plans to code the resource block model;
- analyzing the modeled mineralization spatially and statistically to aid in the establishment of estimation and classification parameters; and
- interpolating metal grades into the block model using the coding of the level-plan copper, lead, zinc, gold, and silver mineral domains to constrain the estimation.

The Sun project mineral resources, which are comprised of massive sulfide and related mineralization, are summarized in Table 1.1. below.

**Table 1.1 Sun Project Mineral Resources**

<b>Classification</b>	<b>Tonnes</b>	<b>%Zn</b>	<b>%Cu</b>	<b>%Pb</b>	<b>g Ag/t</b>	<b>g Au/t</b>	<b>lbs Zn (x1000)</b>	<b>lbs Cu (x1000)</b>	<b>lbs Pb (x1000)</b>	<b>oz Ag</b>	<b>oz Au</b>
Indicated	1,713,000	4.32	1.48	1.11	60.0	0.21	162,962	55,846	42,035	3,307,000	12,000
Inferred	9,018,000	4.18	1.21	1.46	81.7	0.25	831,334	239,643	290,258	23,681,000	73,000

- i. Mineral Resources are comprised of all model blocks at a \$75 GMV cut-off using prices and recoveries: copper -\$3.00/lb and 91%; lead - \$1.00/lb and 80%; zinc - \$1.10/lb and 91%; silver - \$18/oz and 35%; gold - \$1,300/oz and 59%.
- ii. The Effective Date of the Sun project resource estimation is October 1, 2021.
- iii. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

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- iv. The estimate of mineral resources may be materially affected by geology, environment, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.
- v. Rounding as required by reporting guidelines may result in apparent discrepancies between tonnes, grade, and contained metal.

The resources are reported using a gross metal value cut-off of \$75/t calculated with the metal prices and recoveries shown below Table 1.1. This cut-off is applied in consideration that the Sun mineralization, if proven to be economically viable in the future, will likely be mined using underground methods. The continuity of the model blocks defined by the cut-off, both along strike and dip, confirm the resources have reasonable prospects for eventual economic extraction.

The Sun resources are classified predominantly as Inferred. Blocks are classified as Indicated only if they meet requirements discussed in the body of this report that relate to the presence of Andover holes drilled either in 2011 or in 2012.

#### *Conclusions and Recommendations*

The Company has not completed any work at the Sun project as of the effective date of the Technical Report. Mr. Gustin has reviewed and analyzed the historical project data provided by Andover in 2012 and 2013 and Valhalla and Valhalla US in 2021, visited the project site in 2011, 2012, and 2021, inspected drill core from numerous Andover and older holes, collected and analyzed surface rock-chip and core samples for verification purposes, and constructed a resource database following detailed verification of the historical data. Mr. Gustin believes the data provided by Andover, Valhalla, and Valhalla US are adequate for the purposes used in this report.

The Sun project is located in the Ambler district, which is characterized by base- and precious-metal-bearing volcanogenic massive-sulfide deposits and prospects that are distributed over a west-northwest-trending belt more than 100 kilometers in length. While the current mineral resources estimated at Sun are significant, they remain open for further expansion both along strike and dip. The exploration potential of the property beyond the limits of the resource areas is also considered to be excellent.

Exploration of the Sun property should continue, with efforts focused on the advancement of known deposits and prospects as well as the identification of new target areas. Recommended work includes an initial ground gravity survey over and between the Main Sun and SW Sun deposits to determine if this geophysical method can provide three-dimensional indications of massive-sulfide mineralization at depth. Surface exploration of the Western Anomaly area is also recommended, including geological mapping, geochemical sampling, and general prospecting, with the goal of advancing this target to a drill-ready status.

#### **2023 Sun Property Exploration Program**

The Company is planning to conduct an exploration program at the Sun property during 2023. The work program is designed to include camp support, ground gravity survey, geologic mapping, geochemical sampling, prospect review, LiDAR survey and drilling.

#### **Smucker Property**

The Smucker volcanogenic massive sulfide project is located within the Ambler District in the Brooks Range of NW Alaska.

Smucker was first discovered in 1975 by Anaconda Minerals and Cominco American Inc (now Teck) acquired an interest in the property in 1994. Extensive exploration work was undertaken between 1978 and 1991 with 24 drill holes being completed by Anaconda. Anaconda completed a pre-feasibility in the 1980's which outlined a historic resource. Extensions of the mineralized horizon remain largely untested and open at depth as well to the north, west, and south of the main Smucker deposit. The claims became abandoned in 2008. In 2011, Andover Resources located 58 claims including the original Smucker claims first discovered by Anaconda in 1975. The claims again became abandoned in 2016 and Valhalla Mining LLC staked the claims

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in 2017. Valhalla Metals staked 76 claims adjacent to the Smucker block in September 2022.

***Contingencies***

The Company's interest in the Smucker Property is subject to an ongoing dispute between Teck Resources ("Teck"), Valhalla Mining, LLC ("Valhalla Mining") (a company owned by a former director of Valhalla US), and the State of Alaska Department of Natural Resources ("DNR"). In November 2018, Teck and DNR notified Valhalla Mining that 11 of the 58 mineral claims comprising the Smucker property were invalid to the extent of those claims over-lapped the old Teck claims block at Smucker (the "Teck Litigation Claims").

Valhalla Mining succeeded in its claims to quiet title to the disputed mining claims in April 2021 at the Alaska Superior Court (Valhalla Mining, LLC v. State of Alaska, Department of Natural Resources and Teck American Incorporated, Case No. 3AN-19-10673CI, 3rd Judicial District at Anchorage, Alaska Superior Court), however the Court's decision was appealed to the Alaska Supreme Court by Teck and DNR on April 27, 2021. The Company expects a final resolution of the appeal in 2023 ("Teck Litigation Proceedings"). The majority of the historic resources and drilling are located on the 11 mineral claims that are under litigation (the "Teck Litigation Claims").

**2023 Smucker Property Exploration Program**

The Company is planning to conduct an initial exploration program at the Smucker property during 2023 that would consist of prospects review, geochemical sampling and LiDAR survey.

***Honeymoon Project***

The Honeymoon property is an early-stage gold-silver-copper property located on the west side of Adams Lake, British Columbia, approximately 85 km northeast of Kamloops, British Columbia. The company has decided to not further pursue this project and focus its exploration efforts and resources on the Sun and Smucker projects.

The following tables present a summary of the exploration and evaluation expenses for the years ended December 31, 2022 and 2021:

<u>December 31, 2022</u>			
Mineral claims rents	75,254	12,760	88,014
Geology	29,569	23,345	52,914
Stock based compensation	57,362	57,362	114,724
Recovery of costs under the sponsorship agreement	(104,823)	-	(104,823)
<b>Balance, December 31, 2022</b>	<b>57,362</b>	<b>93,467</b>	<b>150,829</b>
<u>December 31, 2021</u>			
Mineral claims rents	48,050	9,570	57,620
Geology	257,763	2,535	260,298
Recovery of costs under the sponsorship agreement	(280,513)	-	(280,513)
<b>Balance, December 31, 2021</b>	<b>25,300</b>	<b>12,105</b>	<b>37,405</b>

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On July 16, 2021, the Company entered into a sponsorship agreement Marubeni to obtain funding for the exploration and development of the Sun project.

The business arrangement provides that Marubeni will fund \$500,000 for the 2021 Sun project exploration program. The funds (\$500,000) were advanced to the Company on July 21, 2021.

As of December 31, 2022, the Company had spent the \$500,000 funding on expenditures eligible under the sponsorship agreement.

**SUMMARY OF QUARTERLY RESULTS**

<b>Quarter ended</b>	<b>31-Dec-22</b>	<b>30-Sep-22</b>	<b>30-Jun-22</b>	<b>31-Mar-22</b>
Revenue <sup>(1)</sup>	-	-	-	-
Loss for the quarter	\$ (1,124,605)	(5,388,404)	(23,379)	(27,544)
Basic loss per share	\$ (0.01)	(0.43)	(0.21)	(0.25)

  

<b>Quarter ended</b>	<b>31-Dec-21</b>	<b>30-Sep-21</b>	<b>30-Jun-21</b>	<b>31-Mar-21</b>
Revenue <sup>(1)</sup>	-	-	-	-
Loss for the quarter	\$ (20,168)	(16,291)	(22,987)	(13,944)
Basic loss per share	\$ (0.18)	(0.15)	(0.21)	(0.12)

<sup>(1)</sup> this being a Company without a revenue-generating business, there are no revenues from operations or investments;

**Losses for the three months ended December 31, 2022**

Losses of \$ 1,124,605 for the three months ended December 31, 2022 (“Q422”) are significantly higher than losses of \$ 20,168 for the three months ended December 31, 2021 (“Q421”). The increase in losses from Q422 to Q421 was mainly due to the non-cash share-based compensation expense of \$ 873,722 booked in Q422 (2021-NIL). Exploration expenses have increased in Q422 (\$ 119,500) from \$ 2,538 in Q421 (the Q421 amount is net of \$38,493 provided by Marubeni part of the \$ 500,000 sponsorship agreement). All other Q422 operational costs have seen a slight increase when compared to Q421, as a result of the more complex operations of the Company after the RTO.

**SELECTED ANNUAL INFORMATION**

<b>Year ended</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Loss	\$ (6,563,932)	\$ (73,390)	\$ (89,647)
Basic & diluted loss per share	\$ (0.27)	\$ (0.65)	\$ (0.80)
Total assets	\$ 8,809,665	\$ 1,975,134	\$ 1,657,931
Non-current financial liabilities	\$ -	\$ -	\$ -
Cash dividends paid	\$ -	\$ -	\$ -

**Losses for the year ended December 31, 2022**

Losses of \$ 6,563,932 for the year ended December 31, 2022 are significantly higher than losses of \$ 73,390 for the year ended December 31, 2021. The main driver of the loss increase is the \$ 5.4 million

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### For the year ended December 31, 2022

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listing expenses recognized in connection with RTO. Admin stock-based compensation expense booked in connection with the November 2022 stock options issuance and extension of Solidus warrants on RTO is \$ 873,722 (2021 – NIL). Of the \$ 5.4 million accounted listing expense, \$ 5.1 million is non cash (conversion of Solidus shares and net liabilities of on RTO date – see Note 4 of the 2022 audited financial statements for a detailed calculation of the listing expense). The stock-based compensation expense resulted from issuance of stock options and extension of warrants is entirely a non-cash item.

#### ***Cash flows for the year ended December 31, 2022***

During 2022, as a result of the \$ 7.7 million RTO private placement, net cash increase for the Company was \$ 6,513,849 (2021 - \$234,814). In 2022, cash outflow from operations was \$ 1.4 million (2021 - \$ 325,886) and cash inflow from investing was \$ 130,602 (2021 – NIL).

#### **LIQUIDITY AND CAPITAL RESOURCES**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources. As at December 31, 2022, the Company had working capital surplus of \$ 6,755,720.

#### **SIGNIFICANT ACCOUNTING JUDGMENTS AND USE OF ESTIMATES**

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- **Going concern:** The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned. project-acquisitions, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.
- **Exploration and Evaluation expenditures:** The application of the Company's accounting policy for Exploration and Evaluation ("E&E") expenditures requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.
- In addition to applying judgement to determine whether future economic benefits are likely to arise from the Company's E&E assets or whether activities have reached a stage that permits a reasonable assessment of the existence of reserves, the Company has to apply a number of estimates and assumptions. The determination of a resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates directly impact when the Company defers E&E expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalized amount is written off to the statement of loss and comprehensive loss in the period when the new information becomes available.

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#### **CHANGES IN ACCOUNTING POLICIES**

##### **Income taxes**

Income tax on profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or other comprehensive loss, in which case the income tax is recognized in equity or other comprehensive loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, on a non-discounted basis using tax rates at the end of the reporting period applicable to the period of expected realization.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

##### **Cash and cash equivalents**

Cash and cash equivalents consist of cash on deposit with banks or highly liquid short-term interest-bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less or are fully redeemable without penalty when acquired. As at December 31, 2022, the Company had cash equivalents of \$5,910,091 (2021 – NIL)

#### **CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING**

There have been no changes in the Company's internal controls over financial reporting during the period ended December 31, 2022, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, on a non-discounted basis using tax rates at the end of the reporting period applicable to the period of expected realization.

#### **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, short term investments, accounts payable, and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest risk arising from the financial instruments. The Company does not engage in any hedging activities. Financial instruments do not generally expose the Company to risk that is significant enough to warrant reducing via purchasing specific insurance or offsetting financial instruments. Further discussion of these risks is presented in Note 5 of the Company's audited financial statements, for the period ended December 31, 2022

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#### RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

The Company had the following related party balances at December 31:

	<u>2022</u>		<u>2021</u>	
Due to Directors and Officer	\$	9,298		10,000
Total due to related parties	\$	9,298	\$	10,000

The amounts due to related parties were incurred in the normal course of business and have been included in accounts payable. The balances are non-interest bearing, unsecured and are due on demand.

Key management personnel receive compensation in the form of short-term employee benefits, share-based payments, and post-employment benefits. Key management personnel include the Chief Executive Officer, Chief Financial Officer, VP of Exploration and directors of the Company. The remuneration of key management in 2021 and 2022 was as follows:

	<u>2022</u>		<u>2021</u>	
Stock based compensation	\$	831,748	\$	-
Management and consulting fees		90,386		10,000
Total remuneration	\$	922,134	\$	10,000

On December 12, 2022, the Company issued 285,000 subordinate voting shares of the Company to settle CAD\$ 142,500 of debt owed to MA2 Capital Inc., a company controlled by Sorin Posescu, the Company's CEO at a deemed price of CAD\$ 0.50 per share and recorded a gain on debt settlement of CAD\$ 61,275.

#### RISK FACTORS AND MANAGEMENT'S RESPONSIBILITY OVER FINANCIAL REPORTING

##### *Risk Factors – General*

Early-stage entities face a variety of risks and, while unable to eliminate all of them, the Company, by assembling a team of experienced directors and management, aims to manage and reduce such risks as much as possible. The Company's Management is responsible for establishing and maintaining adequate internal control over financial reporting. Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of annual financial statements for external purposes in accordance with IFRS as issued by the International Accounting Standards Board.

The Company's internal control over financial reporting includes policies and procedures that:

- address maintaining records that accurately reflect the transactions and dispositions of assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary for preparation of financial statements in accordance with IFRS;
- provide reasonable assurance that the Company's receipts and expenditures are made only in accordance with authorizations of Management and the Company's Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's financial statements.

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The Company's ability to mitigate risk and carry on a sustainable business is depended on the ability to raise additional capital beyond what was already raised part of the previous private placements.

Selecting investments is a competitive process. The Company seeks to maintain an appropriate balance by carefully considering risks to ensure an investment's level of risk is commensurate with the Company's assessment of the project's potential.

## RISK MANAGEMENT

### Risk Associated with the Capital Markets

#### ***Market for Securities and Volatility of Share Price***

There can be no assurance that an active trading market in the Company's securities will be established or sustained. The market price for the Company's securities could be subject to wide fluctuations. Factors such as government regulation, interest rates, share price movements of peer companies and competitors, announcements of quarterly variations in operating results, revenues and costs, and sentiments toward stocks as well as overall market movements, may have a significant adverse impact on the market price of the securities of the Company. The stock market has from time-to-time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of a particular company.

#### ***Speculative Nature of Investment Risk***

An investment in the securities of the Company carries a high degree of risk and should be considered as a speculative investment. The Company has no history of earnings, limited cash reserves, a limited operating history, has not paid dividends, and is unlikely to pay dividends in the immediate or near future.

#### ***Liquidity and Future Financing Risk***

The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its projects. Although the Company has been successful in the past in financing activities through the sale of equity securities, there can be no assurance that it or the Company will be able to obtain additional financing in the future to execute its business plan. Further, current global financial conditions have been subject to increased volatility and access to public financing has been negatively impacted. This may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favorable to the Company.

The Company will likely operate at a loss for the foreseeable future and it may require additional financing in order to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain operations and expansion plans will depend in part upon prevailing capital market conditions and business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. Moreover, future activities may require the Company to alter its capitalization significantly and, if additional financing is raised by issuance of additional shares of the Company from treasury, control may change and shareholders may suffer dilution. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition and results of operations.

#### ***Additional Financing***

The exploration and development of the Company's mineral properties will require substantial additional capital. When such additional capital is required, the Company will need to pursue various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders. The Company may not be successful in locating suitable financing transactions in the time period required or at all. A failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations. Any future issuance of securities to raise required capital will likely be dilutive to existing shareholders. In addition, debt and other debt financing may involve a pledge of assets and may be senior to interests of equity holders. The Company may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law

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## Management Discussion and Analysis

### For the year ended December 31, 2022

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compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the gold and copper industries in particular), the Company's status as a new enterprise with a limited history, the price of commodities and/or the loss of key management personnel. Further, if the price of gold, copper and other metals on the commodities markets decreases, then potential revenues from the Company's projects will likely decrease and such decreased revenues may increase the requirements for capital. Failure to obtain sufficient financing will result in a delay or indefinite postponement of development or production at the Company's projects. The Company will require additional financing to fund its operations until positive cash flow is achieved.

#### ***Ability of the Company to Continue as a Going Concern***

The Company is in the exploration stage and is currently seeking additional capital to develop its exploration properties. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company ability to continue as a going concern.

#### ***Dividends***

The Company does not anticipate paying any dividends on the Company Shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

#### **Risks Related to the Business of the Company**

##### ***Mineral exploration is speculative and uncertain and involves a high degree of risk***

The exploration for, and development of, mineral deposits involves a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Resource exploration and development is a speculative business, characterized by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, although present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

All of the properties in which the Company has an interest are without any mineral reserves. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The combination of these factors may result in the Company expending significant resources (financial and otherwise) on a property without receiving a return. There is no certainty that expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

The Company's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability

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that could have a material adverse impact on the business, operations and financial performance of the Company.

The long-term commercial success of the Company depends on its ability to explore, develop and commercially produce minerals from its properties and to locate and acquire additional properties worthy of exploration and development for minerals. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participation uneconomic.

#### ***Exploration and Development***

Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines.

None of the Company's and Valhalla's properties presently contain any [current mineral resources] or mineral reserves. Should any mineral deposits be discovered, substantial expenditures will be required to confirm mineral reserves which are sufficient to commercially mine, and to obtain the required environmental approvals and permitting required to commence commercial operations. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to:

- costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities;
- availability and costs of financing;
- ongoing costs of production;
- market prices for the minerals to be produced;
- environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and
- political climate and/or governmental regulation and control.

#### ***No History of Mineral Production***

The Company currently has no advanced exploration projects. The Company's projects are exploration projects that have no operating history upon which to base estimates of future cash operating costs, future capital spending requirements or future site remediation costs or asset retirement obligations.

#### ***Title to Mineral Properties***

While the Company and Valhalla have performed their own due diligence with respect to the validity of the mineral claims comprising their respective mineral properties, this should not be construed as a guarantee of title. There is no assurance that applicable governmental bodies will not revoke or significantly alter the conditions of the applicable claims that are included in such properties or that such claims will not be challenged or impugned by third parties.

The Company's mineral properties may be subject to prior unregistered agreements of transfer or indigenous land claims, and title may be affected by undetected defects. Until any such competing interests have been determined, there can be no assurance as to the validity of title of the Company's mineral properties and any other mining or property interests derived from or in replacement or conversion of or in connection with the claims comprising the Company's mineral properties or the size of the area to which such claims and interests pertain.

#### ***Community Groups***

There is an ongoing level of public concern relating to the effects of mining on the natural landscape, on communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations who oppose resource development can be vocal critics of the mining industry. Any

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such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company or its relationships with the communities in which it operates, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

#### ***Possible Loss of Interests in Exploration Properties***

Ownership of the Company's and Valhalla's mineral properties requires property maintenance which requires the submission of reports of assessment work in the relevant jurisdictions. Certain mineral properties, such as the Sun Project, require certain cash payments and/or expenditures to third parties in order to maintain their interests in the properties. If the Company fails to make such payments or expenditures in a timely fashion, the Company may lose its interest in those properties.

While the Company has performed its own due diligence, no assurances can be given that title defects to the properties in which the Company or Valhalla has an interest do not exist. The properties may be subject to prior unregistered agreements or interests and title may be affected by undetected defects. If title defects do exist, it is possible that the Company or Valhalla may lose all or a portion of its right, title, estate and interest in and to their respective properties to which the title defect relates.

#### ***Infrastructure***

Exploration, development and processing activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect access, capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration or development of the Company's projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development of the Company's projects will be commenced or completed on a timely basis, if at all. Furthermore, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect the Company's operations.

Access to the Ambler mining district is to be provided by the proposed Ambler Mining District Industrial Access Project ("AMDIAP"). There is no assurance that the proposed AMDIAP that would provide access to the area will be built, that it will be built in a timely manner, that the cost of accessing the proposed road will be reasonable, that it will be built in the manner contemplated, or that it will sufficiently satisfy the requirements of the Sun Property and Smucker Property. The proposed AMDIAP requires significant permitting and approvals, and the Joint Record of Decision issued in 2020 is currently subject of lawsuits which could delay or prevent the project. ON February 22, 2022, the United States Department of the Interior ("DOI") filed a motion to remand the Final Environmental Impact Statement ("FEIS") and suspend the right-of-way permits issued to the Alaska Industrial Development and Export Authority for the AMDIAP. The DOI has stated that the suspension of the road permits will allow it to carry out additional supplemental work on the FEIS.

#### ***Limited Exploration Season***

The Sun Project and the Smucker Project are located in northwestern Alaska and the area is largely covered by alpine tundra and boreal forest. The area of the Sun Project and Smucker Project experiences long winters with sub-freezing temperatures. As a result the exploration season for such projects in any calendar year is limited and the Company may not be able to complete its proposed exploration programs on these projects within the timeframes desired or expected. Additionally, progress towards the advancement of these projects, if merited, may be slow.

The development of mines in this part of Alaska also requires additional engineering and costs related to climate, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

#### ***Mineral Reserves***

There is no NI 43-101 compliant mineral reserve on any of the Company's mineral projects. There can be no assurances that an NI 43-101 compliant reserve will ever be estimated on any of the Company's projects.

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#### ***Fluctuating Price of Metals***

Future production, if any, from the Company's mineral properties will be dependent upon the prices of gold and other precious metals being adequate to make these properties economic. Materially adverse fluctuations in the price of such minerals and metals may adversely affect the Company's financial performance and results of operations. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the control of the Company, including levels of supply and demand, industrial development levels, inflation and the level of interest rates, the strength of the U.S. dollar and geopolitical events in significant mineral producing countries. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments.

#### ***Competitive Risks***

The mineral resource industry is competitive in all of its phases. The Company competes with other companies, some of which have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. The Company competes with other exploration and mining companies for the acquisition of leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. There can be no assurance that the Company can compete effectively with these companies.

#### ***Government and Regulatory Risks***

The Company is subject to various laws governing exploration, taxes, labour standards and occupational health, safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner, which could limit or curtail the Company's activities.

Amendments to current laws, regulations and permits governing activities of exploration and mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenses or require abandonment or delays in activities.

#### ***Environmental Risks***

All phases of the Company's operations will be subject to environmental regulation in Canada and the United States, as applicable. Changes in environmental regulation, if any, may adversely impact the Company's operations and future potential profitability. In addition, environmental hazards may exist on the Company's mineral projects which are currently unknown. The Company may be liable for losses associated with such hazards, or may be forced to undertake extensive remedial cleanup action or to pay for governmental remedial cleanup actions, even in cases where such hazards have been caused by previous or existing owners or operators of the properties, or by the past or present owners of adjacent properties or by natural conditions. The costs of such cleanup actions may have a material adverse impact on the Company's operations and future potential profitability.

#### ***License and Permits***

In the ordinary course of business, the Company will be required to obtain and renew governmental licenses or permits for exploration, development, construction and commencement of mining at any of its projects. The Company may not be able to obtain or renew licenses or permits that are necessary to its operations. Any unexpected delays or costs associated with the licensing or permitting process could delay the development or impede the operation of a mine, which could adversely impact the Company's operations and profitability.

#### ***Uninsured risks***

The business of the Company is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions and floods. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability. Although the Company will maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover

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all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

#### ***Limited Operating History and Lack of Profits***

The Company is an early-stage exploration company with a limited operating history. The likelihood of success of the Company's business plan must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with developing and expanding early-stage businesses and the regulatory and competitive environment in which the Company will operate. The Company expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's properties will require the commitment of substantial resources. There can be no assurance that the Company will generate any revenues or achieve profitability.

#### ***Reliance on Personnel***

The Company's success depends to a significant extent on its ability to identify, attract, hire, train and retain qualified personnel. Competition for such personnel may be intense and there can be no assurance that the Company will be successful in identifying, attracting, hiring, training and retaining such personnel in the future. If the Company is unable to identify, attract, hire, train and retain qualified personnel in the future, such inability could have a material adverse effect on its business, operating results and financial condition.

Additionally, the Company will be dependent on a number of key management personnel, including the services of certain key employees. The Company's ability to manage its exploration, appraisal and potential development and mining activities will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and a skilled workforce. The loss of the services of one or more key management personnel could have a material adverse effect on the Company's ability to manage and expand the business.

#### ***Dependence on Outside Parties***

The Company and Valhalla have relied upon external consultants and the Company would intend to rely on some of these parties for development, construction and operating expertise. Substantial expenditures are required to establish mineral reserves through drilling, to carry out environmental and social impact assessments, and to develop process to extract the commodity from ore. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

#### ***Teck Litigation Proceedings***

The Teck Litigation Claims are currently subject to the Teck Litigation Proceedings. There can be no assurances as to the outcome of the Teck Litigation Proceedings. An adverse finding of the court may have a material adverse effect on the Teck Litigation Claims and on the Smucker Project as a whole.

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

The Company has not entered into any off-balance sheet arrangements.

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**OUTSTANDING COMMON SHARES DATA**

The following table updates the outstanding share data provided as of December 31, 2022 and April 12, 2023.

	<b>December 31, 2022</b>	<b>April 12, 2023</b>
Subordinate Voting Shares	35,016,636	35,016,636
Multiple Voting Shares	482,087	482,087
Stock Options @ CAD\$ 0.50	4,375,000	4,375,000
Stock Options @ CAD\$ 1.25	55,000	55,000
Warrants @ CAD\$ 0.60	1,333,422	1,333,422