



**WILDSKY RESOURCES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Year Ended**

**November 30, 2021**

## **GENERAL**

Wildsky Resources Inc. ("Wildsky" or the "Company") was incorporated in January 2006 under the laws of British Columbia, Canada. The Company's registered office is Suite 890 – 580 Hornby Street, Vancouver, British Columbia, Canada. Wildsky is listed on the TSX Venture Exchange under the trading symbol "WSK". The Company and its subsidiaries are in the business of acquisition, exploration and development of mineral properties.

This Management's Discussion and Analysis ("MD&A") of the Company has been prepared based on available information up to the date of this report, March 9, 2022, and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended November 30, 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("ISAB"). All monetary amounts are expressed in Canadian dollars unless stated otherwise.

The Company's shares are listed on the TSX Venture Exchange under the symbol "WSK". Additional information is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **FORWARD-LOOKING STATEMENTS**

Information and statements contained in this MD&A that are not historical facts are forward-looking information within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators that involve risks and uncertainties.

This MD&A contains forward-looking statements, such as estimates and statements regarding the Company's goals and future plans, including words to the effect that the Company expects a stated result or event to occur. These forward-looking statements are subject to known or unknown risks and uncertainties, which could cause actual results or performance of the Company to differ materially from results implied by such forward-looking information. Factors that could cause the actual results to differ include commodity price fluctuations, market capital access, global economy and politics, government regulations, environmental restrictions, exploration results, mineral title disputes, limitation on insurance coverage and availability of consultants delivering timely services, as well as those factors discussed in the section entitled "Risks and Uncertainties" in this MD&A.

Although the Company has attempted to identify important factors that could affect the Company or may cause actual actions, events or results to differ, there may be other causing factors out of the Company's anticipation or estimation. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results otherwise. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

## **OVERVIEW**

### **Acquisition of mineral exploration licenses in Ethiopia**

On July 8, 2021, the Company was issued Exploration License #00570, which covers an area about 395.64 km<sup>2</sup>, located in Tigray National Regional State, Central Zone, Enticho Woreda, Ethiopia. The Tsorena Property focuses on gold and base metal exploration.

The Company paid \$66,475 (US\$52,905) for license application, data and document purchase.

### **Convertible debentures**

In May 2021, \$292,000 of debentures were converted into 2,920,000 shares. The Company repaid \$10,000 in principal and \$30,200 in interest. The convertible debentures were originally issued in May 2019 in the amount of \$302,000. The Debentures bear interest at 10% per annum, and matures after 12-month with an option on the part of the holders thereof to extend the maturity to 24 months. The Debentures are convertible into the capital of the Company at a price of \$0.10 per share.

In April 2021, another \$200,000 of debentures were extended for another 12-months period. The original debentures were issued on April 23, 2020 with the same terms of its May 2019 Debentures. The Company repaid interest of \$20,000 in April 2021 at the renewal date.

### **Acquisition of niobium-tantalum and gold exploration licenses in Nigeria**

**WILDSKY RESOURCES INC.**  
**Management's Discussion and Analysis**  
**For The Year Ended November 30, 2021**

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In December 2020, the Company received TSX-V's approval on the acquisition of exploration licenses in Nigeria.

On December 3, 2019, the Company entered into a Share Purchase Agreement (the Agreement) with 1187395 BC Limited. (the "Vendor").

The Vendor, a British Columbia corporation wholly-owned by Mr. Chaoyi Wang, legally and beneficially owns 9,900,000 common shares (the "Shares") of the 10,000,000 issued and outstanding common shares in the capital of Zijin Midas Nigeria Limited ("ZMNL"). Pursuant to the terms of the Agreement, the Company purchased the Shares from the Vendor for cash consideration of US\$96,000.

ZMNL originally held ten Exploration Licenses (the "EL's") in Nigeria, three of the EL's pertain to niobium-tantalum ("Nb-Ta") exploration (each being a "Nb-Ta EL"), and the remaining seven EL's are for gold and lead-zinc exploration (each being a "Au-Pb EL"). The ten EL's cover a total area of 742 km<sup>2</sup>.

Due to the security risk of entering Northern region of Nigeria for exploration work and the Company's focus on Nb-Ta exploration, the Company decided not to renew the seven Au-Pb ELs when it came due in October 2021. As a result, the Company wrote off \$51,354 of acquisition costs and license maintenance fees related to the seven Au-Pb ELs as of November 30, 2021. All the Company's past exploration work was done on its Nb-Ta properties, the write-off of the seven Au-Pb ELs does not impact the Company's major assets.

### **Private placement**

In December 2020, the Company closed a non-brokered, private placement of up to 8,000,000 share units (the "Unit") of the Company at a price of \$0.10 per Unit for gross proceeds up to \$800,000. Each Unit shall be comprised of one common share and ½ of one share purchase warrant. Each Warrant shall be exercisable into a common share at a price of \$0.15 per share for a period of three years.

### **Option agreement with Cassiar Gold Corp. ("Margaux", formerly Margaux Resources Ltd.)**

As of October 9, 2020, the Company transferred 100% interest in Cassiar to Margaux in accordance with the option agreement dated on March 25, 2019.

Margaux completed all obligation under the option agreement and issued a total of 11,640,000 common shares of Margaux. During the year ended November 30, 2019 and 2020, the Company received a total of 11,640,000 shares of Margaux valued at \$5,790,900 at the time of receipt.

## **MINERAL PROPERTY UPDATE**

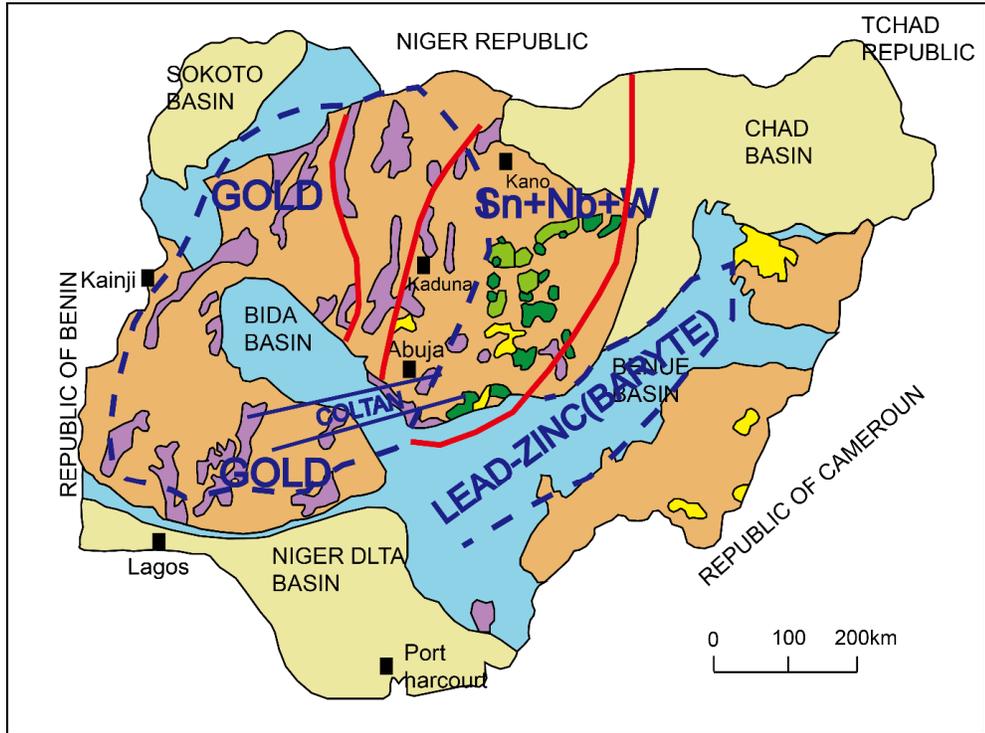
### **Geology and Mineralization in Nigeria**

Nigeria is situated within the Pan-African Mobile Belt and sandwiched between the West African Craton to the west and the Saharan Metacraton to the north and to the southeast. The geology of Nigeria was divided into three major petrological components – Precambrian Basement Complex ( $\geq 600$  Ma), Jurassic Younger Granites (ca. 150 Ma), and Cretaceous to Recent Sedimentary Basins ( $\leq 145$  Ma). The Precambrian Basement Complex can be further subdivided into three lithologic groups, including the migmatite gneiss complex, the schist belts and the Older Granites. The Old Granites as the main intrusive rocks in the Basement Complex are distributed all over the country, especially in the north and in the west; the Jurassic Younger Granites occur within a nearly N-S trending narrow belt in central Nigeria and extend northwards into Niger.

The four major metallogenic provinces in Nigeria are composed of Sn-Ta-Nb Pegmatite Belt of Late Pan-African age, Sn-Nb-Ta Younger Granites of Jurassic age, Pb-Zn Benue Trough of Cretaceous age, and Au Schist Belts of Precambrian ages. The Au Schist Belts and Sn-Ta-Nb Pegmatite Belt fall within the Complex Basement, and the mineral resource associated includes gold, silver, cassiterite, tantalite, columbite, banded iron formation, sillimanite, and gemstones. The province of Younger Granites is notable for its Sn-Nb-Ta mineralization, with other ore minerals of REE minerals, wolframite and accessory minerals of uraninite, thorite, and pyrochlore. In the Benue Trough of the Sedimentary Basins, N-S trending veins with galena, sphalerite, and sometimes chalcocopyrite occur mostly at the crest of anticlines, where pockets of uranium occurrences have also been discovered.

Covering the central area of the Properties, the Kenyang Intrusive Complex regionally belongs to the Afu Complex, which is the southernmost occurrences of the Jurassic Younger Granites. The Kenyang Intrusive Complex consists of multiphase granites, including an early-phase pink coarse-grained K-feldspar biotite granite and a late-phase grey fine-grained biotite

granite. The Nb-Ta mineralization occurs along the contact zone of two-phase intrusions and mainly exists in the endocontact of the late fine-grained granite with pervasive albitization.



**Wildsky's 3 exploration licenses in Nigeria**

At the end of 2021, the Company held 3 exploration licenses (Nasarawa Nb-Ta property) in Nigeria, the total license area covered 474 square kilometers, located on the central Nb-Ta mineralization belt in the middle of the country.

**Nasarawa Nb-Ta project**

The Nasarawa Nb-Ta Project is located in Nasarawa State in central Nigeria, approximately 88 km southeast of Abuja, the capital city of Nigeria, and about 65 km west of the state capital Lafia. It is covered by three mineral claims, including EL 29624 (the Erigo Property), EL 29625 (the Udegi Property), and EL 29626 (the Akewa Property), with a total area of 47,400 hectares.

The Nasarawa Nb-Ta Project is located at the southern end of the Jurassic Younger Granites Lithological Province, which distinctively carries the Sn-Nb-Ta mineralization. The adjacent Kengyang Mine is only 7.5km away from Nasarawa property, Kengyang represents a typical LCT-granite-hosting Nb-Ta deposit, where primary Nb-Ta mineralization, characterized by disseminated columbite and tantalite, occurs in the endocontact of the roof zone of Jurassic fine-grained biotite granite along with pervasive albitization.

Wildsky completed a series of exploration activities in the second half of 2019 within the Nb-Ta Project area. The assay results from surface geochemical samples show that there is a strong positive correlation between Nb and radioactive elements U and Th. While columbite is a generally non-radioactive mineral, it always coexists with uraninite, thorite,

**WILDSKY RESOURCES INC.**  
**Management's Discussion and Analysis**  
**For The Year Ended November 30, 2021**

monazite, and other U- or Th-bearing radioactive minerals. Accordingly, these radioactive minerals can serve as good vectors for the occurrence of associated Nb-Ta mineralization.

The geophysical surveys defined the contour of the contact between the late fine-grained granite and the early coarse-grained granite. Most of the geochemical samples with Nb over 100 ppm fall in the NEE-trending late fine-grained granite, and a few in the early coarse-grained granite stay close to the contact zone, which indicates that the Nb-Ta mineralization is controlled by the contact zones of two granitic intrusions, similar as what is observed in Kenyang Mine. Indicated the Nb-Ta Project presents great potential for the discovery of primary Nb-Ta mineralization, and so has sufficient merits to warrant further exploration and evaluation.

**SELECTED ANNUAL INFORMATION**

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the Financial Statements.

|  | <b>As at November 30,</b> |            |              |
|--|---------------------------|------------|--------------|
|  | 2021                      | 2020*      | 2019         |
| Current assets                             | \$ 9,706,797              | \$ 847,625 | \$ 1,933,771 |
| Non-current assets                         | 199,496                   | 8,104,593  | 7,626,973    |
| Total assets                               | 9,906,293                 | 8,952,218  | 9,560,744    |
| Current liabilities                        | 483,055                   | 726,115    | 473,783      |
| Non-current liabilities                    | -                         | -          | 2,809,783    |
| Shareholders' equity                       | 9,423,238                 | 8,226,103  | 6,277,178    |
| Total liabilities and shareholders' equity | 9,906,293                 | 8,952,218  | 9,560,744    |
| Working capital (deficiency)               | \$ 9,223,742              | \$ 121,510 | \$ 1,459,988 |

|  | <b>Year ended November 30,</b> |              |              |
|--|--------------------------------|--------------|--------------|
|  | 2021                           | 2020*        | 2019         |
| Revenue  | \$ -                           | \$ -         | \$ -         |
| Expenses   | ( 579,697)                     | ( 503,012)   | (717,922)    |
| Other income (loss)  | 1,376,211                      | 1,601,409    | 345,580      |
| Income (loss) and comprehensive income (loss) for the year     | \$ 796,514                     | \$ 1,098,397 | \$ (372,342) |
| Basic income (loss) per share                                  | \$ 0.03                        | \$ 0.07      | \$ ( 0.03)   |
| Weighted average number of common shares outstanding - Basic   | 24,076,964                     | 14,839,813   | 14,839,813   |
| Diluted income (loss) per share                                | \$ 0.03                        | \$ 0.07      | \$ ( 0.03)   |
| Weighted average number of common shares outstanding - Diluted | 28,926,964                     | 16,239,813   | 14,839,813   |

\* During the year ended November 30, 2020, the Company disposed 100% of its subsidiary Cassiar (2020) Gold Corp. who owns Table Mountain Property and Taurus Property in BC. All related assets and liabilities were deconsolidated as of October 9, 2020.

**WILDSKY RESOURCES INC.**  
**Management's Discussion and Analysis**  
**For The Year Ended November 30, 2021**

**QUARTERLY INFORMATION**

|   | Three month<br>period ended<br>November 30,<br>2021**** | Three month<br>period ended<br>August 31,<br>2021*** | Three month<br>period ended<br>May 31,<br>2021 | Three month<br>period ended<br>February 28,<br>2021 |
|---|---|--|--|---|
| Total assets                                      | \$ 9,906,293  | \$ 7,848,833   | \$ 8,391,948                                   | \$ 8,728,603  |
| Working capital (deficiency)                      | 9,223,742   | (152,814)  | 19,117   | (150,390)   |
| Shareholders' equity                              | 9,423,238   | 7,445,701  | 8,017,204                                      | 7,956,276   |
| Net income (loss) and comprehensive income (loss) | 1,977,537   | (662,575)  | (255,071)                                      | (263,377)   |
| Earning (loss) per share – basic and diluted      | 0.08/0.07   | (0.03)   | (0.01)   | (0.02)  |

|   | Three month<br>period ended<br>November 30,<br>2020** | Three month<br>period ended<br>August 31,<br>2020* | Three month<br>period ended<br>May 31,<br>2020 | Three month<br>period ended<br>February 29,<br>2020* |
|---|---|--|--|--|
| Total assets                                      | \$ 8,952,218  | \$ 12,652,117                                      | \$ 9,777,436                                   | \$ 8,870,009   |
| Working capital (deficiency)                      | 121,510   | 5,515,808  | 2,657,651                                      | 732,487  |
| Shareholders' equity                              | 8,226,103   | 9,149,645  | 6,317,957                                      | 5,554,167  |
| Net income (loss) and comprehensive income (loss) | (923,542)   | 2,839,647  | (94,697)                                       | (723,011)  |
| Loss per share – basic and diluted                | (0.07)  | 0.19/0.14  | (0.01)   | (0.05)   |

\* During the three months ended February 29, 2020, the Company recorded a loss of \$611,100 from fair value adjustment of the investment. During the three months ended August 31, 2020, the Company recorded a gain of \$2,968,200 from fair value adjustment of the investments.

\*\* During three months ended November 30, 2020, the Company disposed 100% of its subsidiary Cassiar (2020) Gold Corp. who owns Table Mountain Property and Taurus Property in BC. All related assets and liabilities were deconsolidated as of October 9, 2020. The Company recorded a loss of \$345,630 on the disposal of subsidiary.

\*\*\* During the three months ended August 31, 2021, the Company recorded a loss on dilution of equity investment of \$417,227.

\*\*\*\* During the three months ended November 31, 2021, the Company recorded gain on disposal of investment of \$443,591, gain on dilution of investment in equity investment of \$565,662, and gain of \$744,320 of fair value adjustment of the investment.

**REVIEW OF FINANCIAL RESULTS**

**Year ended November 30, 2021**

**Net Income**

For the year ended November 30, 2021, the Company incurred net income of \$796,514 as compared to an income of \$1,098,397 for the comparative year ended November 30, 2020.

During the year ended November 30, 2021, the Company recorded gain of \$443,591 from disposal of 1,480,000 Margaux shares, gain on dilution of investment in equity method of \$565,662, and \$744,320 of fair value adjustment on the remaining 10,160,000 Margaux shares held at year end.

During the year ended November 30, 2021, the Company wrote off exploration and evaluation assets of \$51,354 (2020 - \$Nil) in relation to expired Au-Pb ELs in Nigeria.

During the year ended November 30, 2020, the Company disposed 100% of its subsidiary Cassiar (2020) Gold Corp. who owns Table Mountain Property and Taurus Property in BC. All related assets and liabilities were deconsolidated as of October 9, 2020. The Company recorded \$2,007,900 of increase in the fair value of 11,640,000 shares of Margaux the Company received.

**WILDSKY RESOURCES INC.**  
**Management's Discussion and Analysis**  
**For The Year Ended November 30, 2021**

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**Expenses**

Expenses for the year ended November 30, 2021 were \$579,697 as compared to \$499,399 of 2020. The expenses were consisted of:

- Accretion of asset retirement obligation during the year ended November 30, 2020 was \$40,038. There was no similar expenses during the current year as the Company disposed the Cassiar Project, together with its assets and liabilities, on October 9, 2020;
- Accretion of interest of \$68,296 (2020 - \$94,879) is related to proceeds of \$200,000 (2020 - \$502,000) from convertible debentures;
- Amortization expense of \$17,105 (2020 - \$42,212) is lower as the Company disposed certain capital assets in the subsidiary, Cassiar;
- Directors fee of \$15,000 (2020 – \$Nil) was accrued to three directors starting December 1, 2020;
- Filing and transfer agent fee of \$21,468 (2020 - \$22,735) mainly consisted of monthly transfer agent fes, TSX-V maintenance fee, and SEDAR filing fee;
- Management fee of \$124,000 (2020 – \$96,000) to a company controlled by the CEO and President, and \$72,000 (2020 - \$72,000) to a company controlled by the CFO;
- Professional fees consisted of \$30,060 (2020 – \$39,471) legal fees related to the closing of the private placement and the acquisition of the the Nigeria property and other corporate matters, and \$29,798 (2020 -\$22,884) of accounting, auditing and tax filing fees;
- Project investigaton of \$21,868 (2020 - \$43,778) was for investigating propertis in Africa and China;
- Rent and office expenses of \$18,327 (2020- \$13,425) was comparable;
- The Company recorded \$91,071 (2020 - \$Nil) of fair value on 500,000 (2020 - Nil) of stock options granted during the period;
- Salary and benefits of \$43,065 (2020 - \$Nil) is due to an executive assistant hired on January 1, 2021;
- Shareholder costs of \$9,078 (2020 - \$9,213) was for website update/maintenance and news releases.

**Three months ended November 30, 2021 and 2020**

**Net Income (Loss)**

For the three months ended November 30, 2021, the Company had an income of \$1,977,537 compared with a loss of (\$923,542) for the same period in 2020.

The income during the three months ended November 30, 2021 was mainly due to gain of \$443,591 from disposal of 1,480,000 Margaux shares, gain on dilution of investment in equity method of \$982,889, and \$744,320 of fair value adjustment on the remaining 10,160,000 Margaux shares held t at period end.

During the three months ended November 30, 2021, the Company wrote off exploration and evaluation assets of \$51,354 (2020 - \$Nil) in relation to expired Au-Pb ELs in Nigeria.

During the three months ended November 30, 2020, the Company recorded a decrease of \$349,200 in the fair value of 11,640,000 shares of Margaux the Company received. Also during the three month period, the Company disposed 100% of its subsidiary Cassiar (2020) Gold Corp. who owns Table Mountain Property and Taurus Property in BC. All related assets and liabilities were deconsolidated as of October 9, 2020. The Company recorded a loss of \$345,630 on the dispoisa of subsidiary.

Expenses for the three months ended November 30, 2021 were \$141,910 as compared to \$164,577 for the same period in 2020.

**WILDSKY RESOURCES INC.**  
**Management's Discussion and Analysis**  
**For The Year Ended November 30, 2021**

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### Expenses

- Accretion of interest of \$10,889 (2020 - \$30,458) is related to proceeds of \$200,000 (2020 - \$502,000) from convertible debentures;
- Filing and transfer agent fee of \$8,802 (2020 - \$12,391) was related to TSX-V filing fee and monthly transfer agent fees;
- accrue of management fee of \$36,000 (2020 – \$24,000) to a company controlled by the CEO and President, and \$18,000 (2020 - \$18,000) to a company controlled by the CFO;
- Professional fees of \$36,505 (2020 - \$38,652) is comparable, mainly including the year end audit accrual;
- Salary and benefits of \$16,149 (2020 - \$Nil) is due to an executive assistant hired on January 1, 2021;
- The Company incurred \$Nil (2020 - \$33,208) in project investigation. The project investigation in the comparative three month period is mainly for a 43-101 report on Nigeria property and consulting fee on investigation of mineral properties in Ethiopia.

### LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The Company is in the exploration stage and no revenue has been generated to date. At November 30, 2021, the Company had cash of \$1,367,438 (November 30, 2020 - \$35,323) and a working capital of \$9,223,742 (November 30, 2020 – \$121,510).

In the past, operating capital and exploration requirements have been funded primarily from equity financing and the Company will need to arrange equity or other financing in the near future in order to continue in operation. While the Company has been successful in raising capital in the past, there can be no assurance that such financing will be available to the Company in the amount required or that it can be obtained on terms satisfactory to the Company. The Company's current financial situation indicates material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

#### *Cash Flows*

Under operating activities, the Company used \$334,238 in the year ended November 30, 2021, as compared with \$270,562 in the comparative year ended November 30, 2020.

During the year ended November 30, 2021, the Company incurred \$6,450 of share issuance costs on the \$800,000 private placement closed in December 2020, the proceeds of which was received in May 2020 and deposited in a restricted GIC. In April and May 2021, the Company repaid convertible loan interest of \$50,200 (2020 - \$30,200) and principal of \$10,000 (2020 - \$Nil). During the comparative year ended November 30, 2020, the Company issued \$200,000 of convertible debentures.

In the investing activities, during the year ended November 30, 2021, the Company received \$1,179,891 proceeds from sale of 1,480,000 Margaux shares at public market. The Company paid US\$114,414 (\$146,020) to acquire and renew Exploration Licenses in Nigeria and US\$52,904 (\$66,475) to apply an Exploration License in Ethiopia. The Company closed the private placement of \$800,000 in December 2020, the proceeds of which are transferred out of the restricted cash. The Company purchased some geological equipment for \$31,000 (2020 - \$30,961) and a laptop for \$3,393 (2020 - \$Nil).

### SUBSEQUENT EVENTS

On February 24, 2022, the Company granted to directors, officers and consultants 1,000,000 stock options, exercisable at \$0.20 per share for a term of 5 years. These options vested on the date of grant.

## **OUTSTANDING SHARE DATA**

The following table summarizes the Company's outstanding share data as of the date of this MD&A:

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|               | Number of securities |
|---------------|----------------------|
| Common shares | 25,759,813           |
| Stock options | 2,350,000            |
| Warrants      | 4,000,000            |

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## **OFF-BALANCE SHEET ARRANGEMENTS**

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

## **RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties during the year ended November 30, 2021:

a) the Company paid or accrued management fee of \$124,000 (2020 - \$96,000) to a company controlled by the CEO and President. As of November 30, 2021, \$96,198 (November 30, 2020 - \$84,400) payable to the company controlled by the CEO and President was included in due to related parties.

On May 21, 2019, the company controlled by the CEO and President subscribed for 42 units of the Company's convertible debenture for a principal of \$42,000 which was converted into 420,000 shares on May 21, 2021. The Company paid interest of \$4,200 (2020 - \$4,200) to the company controlled by the CEO and President.

b) the Company paid or accrued management of \$72,000 (2020 - \$72,000) to a company controlled by the CFO. As of November 30, 2021, \$51,987 (November 30, 2020 - \$50,300) payable to the company controlled by the CFO was included in due to related parties.

On May 21, 2019, the CFO subscribed for 10 units of the Company's convertible debenture for a principal of \$10,000 which was converted into 100,000 shares on May 21, 2021. The Company paid interest of \$1,000 (2020 - \$1,000) to the CFO.

c) the Company accrued directors' fees of \$15,000 (2020 - \$Nil) to two directors and one ex-director. As of November 30, 2021, \$15,000 (November 30, 2020 - \$Nil) payable to the three directors was included in due to related parties.

d) the Company granted 500,000 (2020 - Nil) stock options to a director, valued at \$91,071 (2020 - \$Nil).

Accounts payable to related parties do not bear interest, are unsecured and repayable on demand.

## **FINANCIAL INSTRUMENTS AND RELATED RISKS**

The Company's accounts payable and accrued liabilities, due to related parties, and convertible debentures are measured at amortized cost. Its financial assets, GST receivable, is also measured at amortized cost. The Company's carrying values of these items approximate their fair value due to the relatively short periods to maturity of the instruments.

### **Financial risk management**

The Company's objective in risk management is to maintain its ability to continue as a going concern. It is exposed to the following risks:

#### **Liquidity risk**

Liquidity risk is the risk that the Company might not be able to meet its obligations and commitments as they come due. As at November 30, 2021, the Company had cash of \$1,367,438 (November 30, 2020 - \$35,323) and a working capital of \$9,223,742 (November 30, 2020 - \$121,510).

### **Credit risk**

Credit risk arises from cash held with financial institutions as well as credit exposure on outstanding receivables.

The Company's cash is held at high-credit rating financial institutions. The Company's maximum exposure to credit risk is the carrying amounts of cash and receivables on its consolidated statement of financial position.

### **Market risk**

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

#### **i. Interest rate risk**

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company's convertible debentures bear interest at 10% per annum. The Company's exposure to interest rate risk is insignificant.

#### **ii. Foreign currency risk**

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has no significant assets or liabilities and has no revenue or expenses denominated in a foreign currency, so it is not exposed to foreign currency risk.

#### **iii. Equity price risk**

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required.

## **RISKS AND UNCERTAINTIES**

Due to nature of the Company's business in mineral exploration and development, it is subject to various risks and uncertainties associated with the mining and extraction industry. If any of the following risks occur, the Company's going concern, operating results and financial position could be adversely impacted.

### *Exploration Risk*

Mineral exploration activities are inherently risky. Few properties that are explored are eventually developed into producing mines. Exploration activities on the Company's Cassiar mineral properties have not yet resulted in discoveries of commercial mineralization to take the Company to the producing stage. If there are no further discoveries of mineral reserves, the Company may be forced to look for other exploration projects and abandon the existing properties.

### *Mineral Resources*

The mineral resource figures disclosed in the MD&A are estimates only and the Company cannot be certain that specific quantities of gold or other minerals will be realized. These estimates are subject to the assumptions and judgments used in the geological interpretations. Any material changes in the mineralization, grade, metal prices and market conditions could have a serious adverse effect on the economic viabilities of the Company. Until the estimated deposits are mined and processed, the mineral resources and its grades remain estimates only.

### *Commodity Prices*

The Company's future viability depends largely on the movement of the price of gold as the Company's mineral resources are primarily of gold. Gold prices have been historically volatile reacting to conditions beyond the Company's control, including international politics, economic crisis, global supply and demand and investors' sentiment. These uncertainties and volatility could affect negatively the Company's ability to raise capital for its exploration activities.

### *Global Economy and Financial Markets*

The Company has no revenue from its operations and relies on the capital markets to raise equity financings for its operations. The ongoing civil war in Syria, instability in the Middle East, proliferate terrorist attacks in Europe and the increase of US interest rate have all adversely affected the global economy. The market uncertainty has led to the capital especially in natural resource sectors with uneconomically low commodity prices. This results in extreme challenges for exploration companies to seek funds from the financial markets.

*Government and Environmental Regulations*

The Company's operations are subject to various regulations governing prospecting, permitting, mine safety, labour standards, explosive storage, reclamation, spills, tailings disposal and any other environmental issues. There is no guarantee that new rules and compliances will not be enacted or existing regulations will not be changed and applied in such a way that they may adversely affect the Company's operations. Environmental legislation has becoming more stringent and penalties are enforced for non-compliance. Compliance with existing and evolving regulations means increasing costs to the Company.

*Impact of COVID-19*

The Company's business is exploring mineral properties in British Columbia and searching for mineral property assets to acquire globally. The management doesn't think that COVID-19 will have strong impact on the Company's financial results.

The Company held three niobium-tantalum ("Nb-Ta") exploration licenses in Nigeria and a gold and base metal exploration license in Ethiopia. Due to the global pandemic of COVID-19, the Company will have difficulty to send geologists to visit the sites and conduct exploration work. As a result, the exploration and development of the property will be delayed accordingly.

The Company's financing plan may also be delayed and as a result. Howeverm the Company has no payment commitments on its mineral properties.