SPARTON RESOURCES INC.
For the period ended March 31, 2023

Management's Discussion and Analysis dated May 29, 2023

The following discussion and analysis of results of operations of Sparton Resources Inc. ("Sparton" or the "Company") and its subsidiaries for the period ended March 31, 2023, should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period and the audited consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All currency is shown in Canadian dollars unless otherwise stated. The Company's current subsidiaries are comprised of: (i) Sparton International Holdings Inc. (100% owned) ("SIH") (ii) VanSpar Mining Inc. (90% owned by SIH) ("VanSpar"), both of which are registered in the British Virgin Islands, and (iii) Edcor Drilling Services Inc. ("EDCOR"), (100% owned) registered in Ontario, Canada. VanSpar owns approximately 9.8% of VRB Energy Inc. ("VRB Energy") a Cayman Islands company and manufacturer of vanadium flow batteries with a factory in Tongzhou (Beijing) China.

Forward-Looking Information

This Management's Discussion and Analysis ("MD&A") contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management, as well as assumptions made by and information currently available to the Company. When used in this document the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Forward-looking statements include, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of its management with respect to future events and are subject to a variety of inherent risks, uncertainties and other facts that are beyond the Company's control, and could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statement whether as a result of new information, future events or any other reasons; except as required by applicable Canadian securities law. Investors and others should carefully consider these and other factors and not place undue reliance on these forward-looking statements.

General

The Company continues to seek financing for its various gold related projects in Canada and to evaluate other opportunities related to the mineral exploration and vertically integrated energy storage industry activities. It also, through joint venture partners, or internally, is continuing its evaluation of other domestic exploration projects including the Bruell gold property in Quebec, and the Matachewan area Ontario Oakes Leases and adjacent mineral claims.

The VRB ENERGY Transaction:

In 2016, under a Share Acquisition Agreement (the "SAA") between private investment corporation, HPX TechCo Inc., and VanSpar, HPX TechCo Inc. agreed to directly fund the acquisition of the shares of JD Holding Inc. ("JDH") for US$ 3.3 million (the "Funding Transaction"), pursuant to an existing share purchase agreement between VanSpar and JDH, a private company that owned a leading vanadium battery manufacturer and distributor and its security holders. JDH was later renamed Pu Neng Energy in China and JDH renamed VRB Energy Inc. ("VRB Energy") internationally.

In consideration for HPX TechCo Inc. funding the acquisition cost together with a further US$2,000,000 for working capital and US$605,000 paid to VanSpar, VanSpar caused 82% of the VRB Energy shares to be transferred to HPX TechCo Inc., with the remaining 18% being retained by VanSpar (the “VRB Transaction”).

The VRB Transaction was financed by HPX TechCo Inc., which provided the purchase price funding of US$ 3.3 million payable to the then current security holders of VRB Energy, with payment of at least US$1,650,000 on closing. The balance of the purchase price could be reduced by up to US$300,000 for financial obligations or liabilities of the VRB Energy subsidiaries after closing. The net balance of the purchase price would be paid to the then current VRB Energy security holders after closing.

The VRB Transaction also required a minimum US$2 million investment within 20 business days after closing, to provide working capital to reactivate the VRB Energy subsidiaries' operations. These funds were also to be invested by HPX TechCo.

In addition, under the terms of the restructured transaction, in the event that VRB Energy or its affiliates acquire certain vanadium assets in China within 5 years after closing, VanSpar will receive a finder’s fee equal to 5% of the value of the acquired assets up to a maximum of US$250,000.

The VRB Transaction and the Funding Transaction were closed before December 31, 2017. US$1,650,000 had been paid to the former shareholders of VRB Energy in 2017, and US$1,650,000 ($2,215,636) had been received and held by the Company and paid to the former shareholders of VRB Energy. VanSpar received a US$605,000 transaction fee payment from HPX TechCo shortly after closing as per the terms of the Funding Transaction, which together with the 9,000,000 VRB Energy common shares (equal to 18% equity in VRB) received and valued at $700,000 was recorded as other income in 2017. The 9,000,000 VRB Energy common shares (split into 18,000,000 shares on November 30, 2017) were revalued to $1,587,133 at December 31, 2022 and March 31, 2023.

In 2017, the Company’s subsidiary VanSpar executed a profit-sharing agreement with a private investor for VanSpar to acquire additional shares in VRB Energy. Before the agreement VanSpar owned 9,000,000 common shares of VRB Energy or 18% of the total VRB Energy shares. Under the profit-sharing agreement, the private investor agreed to provide funds required for VanSpar to participate in any VRB Energy financing and acquire additional VRB Energy shares (“Additional Shares”) in VRB Energy’s future financings, to maintain VanSpar’s 18% in VRB Energy. The funds could be used only for this purpose.

Once the Additional Shares are sold subsequent to a liquidity event, the investor will be entitled to 80% of the profits from sales of VRB Energy shares acquired by the investor, (calculated as proceeds of sales minus transaction costs minus the principal fund provided by the investor plus 7% annual interest). VanSpar would be entitled to receive 20% of the profit. In the event that there is no profit or even a loss, VanSpar will not be responsible for repayment of the principal funds to the investor. In 2017, VanSpar participated in a VRB financing where VRB Energy raised US $5 million through the sale of 38,759,690 shares at a deemed value of USD$0.129 per share, completed by 5 tranches. As of December 31, 2017, VanSpar had received five payments for a total of US$900,000 from the private investor to participate in this financing and had made five payments to VRB Energy for purchase of 6,976,744 Additional Shares. The Company has determined this profit-sharing agreement with the investor to be a joint operation and had recognized no share of gain, asset or liability as of December 31, 2021 and December 31, 2022. There is no downside risk to the Company as VanSpar does not have obligation to repay the full principal fund, therefore the Company has not recorded the funding provided by the private investor as a financial liability and has not recorded the Additional Shares as a financial asset.

On July 12, 2019, VanSpar received a new financing and debt conversion notice from VRB Energy whereunder in order to maintain its 18% share interest in VRB Energy, it was required to subscribe to the purchase of an additional 31,331,863 VRB Energy shares at a price of USD$0.065 per VRB Energy share for a total cost of USD$2.036 million to VanSpar.

VanSpar did not participate in the financing and now retains its original 31,953,488 VRB Energy shares representing a 9.8 percent share interest in VRB Energy. With a share ownership now below 10% VanSpar no longer is entitled to nominate its representative to the VRB Energy board of directors.

On June 2, 2020, VRB Energy announced the commissioning of a 5 KW (4hour) vanadium redox battery, as part of a 10 KW photo-voltaic plus energy storage system pilot demonstration project with Hesteel Group Company Ltd., the largest steel and vanadium supplier in China. This solar-shifting pilot project is just the first step toward widespread deployment of the technology.

On August 23, 2020, VRB Energy reported that it has produced a more efficient 3rd generation vanadium battery.

VRB Energy pursued a number of sales opportunities during the year 2022 and continued this work in 2023.

VRB Energy signed an agreement on March 4, 2021, to build China's largest photo voltaic ("PV") solar integrated battery system – to build in phases a 500 MWH PV and energy storage power station integrating VRB Energy's vanadium flow battery energy storage system ("VRB-ESS"). The project will be located in Xiangyang, Hubei Province, China at a new industrial park complex that will include a VRB-ESS manufacturing "Gigafactory", and a vanadium flow battery energy research and development institute. It will eventually generate 100 megawatts (1GW) of power annually.

VRB Energy has the current opportunity to receive a contract increasing the 100-megawatt project for Hubei Province to 500 megawatts. The timing of the award for this project has been deferred until 2023.

With lower international vanadium prices, it also continued to seek a long-term economical vanadium supplier and plans to become vertically integrated in the medium term. This will lead to very competitive pricing for its products and is expected to generate new sales. Currently VRB Energy is one of only a few companies manufacturing batteries for clients who supply their own electrolyte.

Contract Drilling Business

Revenue and expenses relating to one of the drill units owned by the Company's EDCOR subsidiary is shared with Eva Lake Mining Ltd., an aboriginal Metis service company, based in Atikokan Ontario.

For the year ended December 31, 2022, the Company reported $1,141,865 drilling revenue and a cost of drilling of $808,820. No drilling revenue was reported in the period in 2023. It is actively negotiating new contracts in the 2023 field season.

Bruell Property, Canada

On August 11, 2017, the Company entered into an option agreement with two independent prospectors (the "Vendors") to explore the 20 claim Bruell Property ("the Property"), in Vauquelin Township, Quebec.

Under the terms of the 5-year option agreement Sparton issued a total of 1,500,000 Common Shares, incurred a total of $1,500,000 in exploration expenditures on the claims, and made cash payments totaling $300,000 to earn a 100% interest in the Property. Production Royalty: If commercial production takes place on the Bruell property, the Vendors collectively, will be entitled to receive an annual production royalty (the "Royalty") equal to 2% of Net Smelter Returns as customarily defined. At any time after a feasibility study is completed for development of any part of the Property ½ of this Royalty (or 1%) may be purchased by the Company for the sum of $1,000,000. All cash payments share issuances, and royalty payments if any, will be paid or issued as to 50% of the totals to each prospector.

On December 16, 2019, Sparton announced that it executed an Option Agreement with Eldorado Gold Corporation (“Eldorado”) granting Eldorado the option to earn up to an initial 75% interest (“Option”) in the Bruell Project Eldorado has the right to have Sparton participate in a new joint-venture in which Sparton will hold a 25%, or buy-out Sparton’s 25% interest for $1.8 million adjusted for the Consumer Price Index at the time Eldorado makes the election, in which case Sparton will be granted a 2% Net Smelter Return Production Royalty (“NSR”), and 50% of the NSR can be purchased by Eldorado for $2.5 million at any time.

This agreement may provide the Company with up to $4.5 million in cash payments and an ongoing 1% net smelter return royalty should Sparton not participate in future equity development.

The Company has completed the earn-in and exercised its option to acquire 100% of the 51-claim Bruell Property. It did so by issuing a total of 1.5 million common shares of the Company, making $300,000 in cash payments to the vendors, and incurring $1.5 million in exploration expenditures on the claims.

In 2022, Eldorado completed 11 diamond drill holes totaling 4,745 meters. Complete assays are now available. The drilling work (9 holes) concentrated on the area between the Avocalon /Aurora shaft and the area where Sparton drilling in 2018-2019 located several wide shear zones with anomalous gold mineralization. Please see Sparton News Release dated April 25, 2019. Two holes (numbers 10 and 11) were drilled about 2,500 meters to the east of this area to test a gold-in-till geochemical anomaly.

Eldorado’s 2022 work also involved structural analysis of the geometry of the mineralized intervals to determine true thickness. As well, limited trenching, stripping and sampling where feasible, was completed in the central claim area. No drilling was done in the vicinity of the Bruell 1 and Bruell 2 shaft areas to the north and west of Avocalon/Aurora area. A map showing the drill hole locations will be posted on the Sparton website at www.spartonresources.com. The Hole Collar Table for the Bruell drilling follows the text of this news release.

In the first three months of 2023 Eldorado completed an additional 8430 meters of drilling at Bruell and located a new gold zone (“Penguin”) near holes 10 and 11. One hole where visible gold was seen received priority assaying.

While core logging is still in progress and most assay data have not yet been received, visible gold was seen in core from Drill Hole BU- 23-14 at the Penguin Anomaly and priority analyses completed with the following results:

BU-23-14 (azimuth 003 deg, Dip -50 Deg,) 497.2-500.2, 3.0 meters @ 13.77 grams / tonne Au

Including: 497.2-497.7, 0.5 meters @ 73.92 grams/tonne Au

499.7-500.2, 0.5 meters @ 7.95 grams/tonne Au

Exploration activities on the Bruell project have been conducted under the direct supervision of Eldorado Gold Québec employee Nathalie Prud’homme, P.Geo. from Eldorado Gold who is a qualified person as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"), and has verified and approved, the scientific and technical disclosure contained in this press release in relation to the Bruell project.

Eldorado operates its exploration programs according to industry best practices and employs rigorous quality assurance and quality control procedures. All results are based on half-core samples of diamond drill core. Drill core samples were prepared and analyzed at ALS-Chemex Laboratories in Val d'Or, Quebec. All gold assays are based on fire assay analysis of a 30-gm charge followed by an atomic absorption finish. Samples with gold grades above 5.0 g/t were re-assayed and completed with a gravimetric finish. Some of the samples were prepared and analyzed at the MSA Lab in Val-d'Or where a 500-gm charge is analyzed for gold by gamma ray with photon assay instrumentation. Certified standard reference materials, field duplicates and blank samples were inserted regularly and were closely monitored to ensure the quality of the data.

Eldorado has successfully completed its option commitments but has not yet exercised its option. The completion of the required work and payments to the vendors by Eldorado has enabled the Company to complete acquisition of the Bruell Property, as mentioned above.

Eldorado has requested, and Sparton has agreed to a one-year extension on the Eldorado Option Agreement. In consideration for the extension, Eldorado has agreed to carry out a minimum of 4,000 metres of additional drilling as a new option commitment. The additional drilling will test several geochemical (till) anomalies, as well as follow-up holes on positive results from the recently completed 2022 drilling program. All other material terms of the Eldorado Option Agreement remain unchanged. Under the terms of the Eldorado Option, Eldorado has the right to require Sparton to participate in a new joint-venture in which Sparton will hold a 25% interest, or buy-out Sparton's 25% interest for $1.8 million adjusted for the Consumer Price Index at the time Eldorado makes the election, in which case Sparton will be granted a 2% Net Smelter Return Production Royalty ("NSR"), and 50% of the NSR can be purchased by Eldorado for $2.5 million at any time. Eldorado would also be responsible for the royalty payable to the original vendors under the buy-out option if it elects the buy-out.

Additional; work is expected at Bruell in 2023 after all data has been compiled by Eldorado.

Sir Harry Oakes Gold Property, Canada

On September 25, 2019, the Company announced that it had secured an option to purchase a strategic gold prospect, comprising 3 Mining Leases (the "Leases") in the Matachewan gold mining area of northern Ontario. In addition, the Company also acquired through staking and acquisition an additional total of 14 Mining Claim Units (approximately 300 hectares) adjacent to the area of the Mining Leases (the "Claims").

Sparton executed a 4-year Option to Purchase Agreement with a private owner of the Leases whereunder it has the right to purchase a 100% interest in the Leases. The Company must cover the Lease renewal costs on behalf of the current private owner and planned an exploration program on the Leases and Claims. If the Company elects to exercise its option and purchase the Leases it will pay the current private owner a total of 1,500,000 common shares of the Company over the 4-year option period, and the current owner will be eligible to receive a 1% Net Smelter Return Production Royalty from production on the Leases and any other property acquired by Sparton within one kilometre from the Lease boundaries.

The acquisition closed in early January 2020, after a 90-day due diligence period and after receipt of approval from the Toronto Venture Exchange. The Company issued 100,000 common shares of the Company to the former owner on January 6, 2020, as the first option payment.

On February 11, 2020, the Company announced it had executed a Purchase Agreement with two owners to acquire an additional 14 mining claims (approximately 300 hectares) adjacent to three nearby and former Sir Harry Oakes Mining Leases and mineral claims. For the purchase, on closing, Sparton agreed to pay a total of 2,000,000 common shares of the Company as to 1,000,000 shares to each of the owners. In addition, the owners will be eligible to receive a 2% Net Smelter Return Production Royalty from any production on their vended claims and 50% of this royalty may be purchased by the Company at any time for the sum of US$2.5

million. One claim owner will be reimbursed exploration expenses of approximately $6,850 spent on its claims. This transaction closed on March 17, 2020.

On July 6, 2020 the Company announced that it has acquired 18 additional mining claim units adjacent to or nearby to the Oakes Mining Leases for a cash consideration ($6,000). In October 2020 the Company issued 100,000 common shares to the Vendor of the Oakes area Mining Leases, as per the terms of the original Option Agreement to acquire these leases, that were valued at $6,000. In November 2020, 50,000 more common shares were issued to the Vendor, and valued at $3,000.

On November 25, 2020, the Company announce that it signed, effective November 17, 2020, a Memorandum of Understanding ("MOU") with the Matachewan First Nation ("MFN") related to its exploration program activities on the Sir Harry Oakes Gold Project near Matachewan, Ontario. MFN is a signatory to Treaty No. 9 and holds inherent aboriginal and treaty rights to and over their traditional territory, which includes the Mining Leases and claims held by Sparton and referred to as the Sir Harry Oakes Project. The MOU recognizes these rights and provides for a mutually beneficial and cooperative relationship between the parties. The MOU, among other things, contemplates the possibility of an Investment Benefit Agreement ("IBA") in the future if the Company is successful in advancing the project to advanced exploration and development stages and completion of a positive feasibility study. Additionally, the Company will compensate MFN for its exploration activities in the MFN area by issuing to MFN 50,000 Sparton common shares with a deemed value of $0.06 each, and 50,000 Share Purchase Warrants ("SPW"s). The SPWs are valid for a period of three years from November 17, 2020, and entitle MFN to purchase up to 50,000 additional common shares of the Company at a price of $0.10 per share. As further compensation Sparton will pay MFN on an annual basis, 2% (percent) of its audited exploration costs directly related to the expenses on the Oakes Project. The MOU is valid and in effect until Sparton has either ceased its activities on the Project or an IBA agreement is concluded. The Company issued 50,000 shares and 50,000 warrants to MFN on December 1, 2020, valued $3,000 and $2,635 respectively.

On September 4, 2020, the Company received a work permit for the project and commenced a drill program on the project on October 19, 2020.

The plan was permitted for a total of 10 holes to be drilled, from 5 locations, designed to establish approximately 300 meters of strike length of the zones reported from the 1930's historical data. Three of the initial sites duplicated the locations of historical holes DDH 2A, 3 and 5, drilled in the 1930s, each of which successfully intersected reported gold mineralization. The mineralized area near the shaft and the previously drilled area corresponds with a structure defined by a distinct magnetic low, highlighted in the Company magnetic survey, completed earlier in 2020.

All operations were undertaken with proper COVID-19 protocols in place.

Effective May 12, 2021 Sparton signed an evaluation agreement for one year to review and assess the exploration potential of a former producing copper and molybdenum mine property adjacent to the Company Matachewan / Oakes project claims and leases.

The Company now controls 46 Mining Claims and 3 Mining Leases in the Matachewan Gold Area.

The drill program on the Sir Harry Oakes Gold Project was permitted for 2000 meters. A 3 km access road was completed, and drill site locations set out with proper environmental guidelines and setbacks from the nearby lake.

In early 2022 a 3D IP survey was completed over the central part of the claim area. This work outlined 5 high priority anomalies only one of which has been drill tested (the old Oakes shaft area). A new work permit application is in place for several claims covering two of these anomalies and approval is expected prior to year-end 2022.

2020 Drill Program

A total of 6 core holes comprising a total of approximately 700 meters were diamond drilled at the sites of historical holes numbered DDH 2A, DDH 3 and DDH 5. (Please see Sparton news release dated October 19th, 2020). All holes, except number 6, were drilled to the end of visible mineralization or alteration and ended in fresh rock material. The historical holes were only drilled to approximately 30-to-40-meter depths at minus 45 degree angles. The drilling was designed to essentially duplicate the historical holes by drilling a minus 50-degree dip hole and a steeper hole (minus 65 degrees) underneath from the same setup.

Assay results were slow in coming due to Covid 19 delays and extremely high laboratory work loads. Over 450 samples were submitted for precious metal and multi element analyses.

Holes DDH 20-1 and 20-2 were drilled east of the old shaft at the site of historical hole DDH 2A, which reported a zone of 5.5 grams per tonne over 5.53 metres. Holes DDH 20-3 and 20-4 were drilled at the site of historical hole DDH 3, which reported intersections of 8.23 grams per tonne over 1.5 metres, and 14.4 grams per tonne over 0.9 metres. Current holes DDH 20-5 and 20-6 were located at the site of historical hole DDH 5 which reported which 6.85 grams per tonne over 1.85 metres, 3.77 grams per tonne over 1.49 metres, and 3.43 grams per tonne over 0.61 metres; Please see Sparton news release dated September 16, 2020, and historical maps on the Sparton website at www.spartonresources.com.

CAUTIONARY NOTE

It should be noted that historical results reported here and earlier, by the Company are included with the recent drilling data results and were available to Sparton. Knowing the laboratories where the historical analyses were done, the Company believed the historical data to be reliable and has reviewed them in detail to attempt to determine the discrepancies with the current results. More work needs to be done however, to verify these historical results and information and provide an explanation the reason for the differences with the current results.

Further, a qualified person under NI 43-101 has not done sufficient work to verify the historical results with new sampling and analyses because the original samples and drill core are not available for re-analysis.

Oakes Assay Results

Drilling results from the Oakes Project were reported in March of 2021. All holes intersected significant sulfide mineralization (up to 40% pyrite with lesser chalcopyrite) and ubiquitous red hematite and grey magnetite alteration plus intense silicification. The host sedimentary rocks are strongly brecciated and contain multiple quartz stringers and veining up to 1 meter in core length often associated with zones of red to grey syenite and locally containing up to 20% chalcopyrite. Zones of multiple stage quartz veining and mineralization occur in the current drill holes at roughly the same intervals as reported in the shallow historical holes, but significantly more mineralization is present deeper in the current holes, indicating a much larger mineralised structural zone over 50 meters in width. Several small fault zones were encountered in all holes and overall core recovery exceeded 95%.

All core was systematically logged with a susceptibility meter to attempt to correlate mineralized sections with magnetic or non–magnetic zones. As well, all the core was logged systematically with a scintillometer to check for anomalous radioactivity associated with potassium alteration, which is characteristic of gold deposits in the area, including the nearby Young Davidson Mine.

The Oakes assay results were not consistent with the historical data. The best results received from the drilling are set out below:

Hole 20-1 - 0.31 grams/tonne (“g/t/”) Au (gold) over 1.5 meters from 14.5 to 16 meters, roughly corresponding to the zone reported in historical hole 2A;

Hole 20-1 – 0.26 g/t Au over 1.5 meters from 58.5 to 60 meters;
Hole 20-1 – 1.91 g/t Ag (silver) over 6.5 meters from 67.5 to 74.0 meters;
Hole 20-3 – 0.14 g/t Au over 6 meters rom 4.5 to 10.5 meters and:
0.10 g/t Au and 1.12 g/t Ag over 4.5 meters from 31.0 to 35.5 meters and:
0.22 g/t Au over 1.5 meters from 56.0 to 57.5 meters and:
0.11 g/t Au, 1.2 g/t Ag and 0.09% Cu (copper) over 0.5 meters from 104.0 to 104.5 meters from Hole 20-4 drilled under the historical hole DDH 3 at -65 degrees.
Assay results were received from holes 4 and 5 and no significant gold values were reported.

Ongoing Work Program

The work planned for 2022 involves prospecting of the entire claim area surrounding the Oakes Leases and clearing and sampling of various trenches on the 46-claim property where gold values were reported by previous operators. A Geophysical IP (Induced Polarization) survey has been carried out. Similar work is being undertaken in the area of the former copper mine This work began in late 2021 after Covid 19 and contractor availability delays.

On May 6, 2022 the Company reported on the results of the Induced Polarization (“IP”) survey recently completed over the central portion of the Oakes Gold Project Property. The IP survey was completed by CXS (Canadian Exploration Services) of Larder Lake, Ontario. It utilized a 3-D Distributed Induced Polarization system with wireless data acquisition and multiple layer data presentation. This system has less impact on the environment, as it reduces the amount of line cutting necessary and was also useful in getting data from underneath the lake, which bisects the survey area. Data are presented as both resistivity and chargeability information at 50-meter vertical intervals, beginning at surface and extending to different depths below surface. This information can provide a 3-dimensional interpretation of the bodies causing the anomalies. Normally, higher chargeability zones are related to metallic minerals in the host rocks and areas of higher resistivity may be related to silicification often associated with gold mineralization. The results indicate five (5) significantly anomalous areas, (please see maps and explanatory video on Company website www.spartonresources.com). One of these (Anomaly “D”) is directly associated with a mineralized area adjacent to Hawley Lake, near the old “Oakes” shaft, where Sparton drilled several holes in late 2020. All holes were mineralized with pyrite, magnetite and hematite and locally intersected quartz veins and intense silicification. Anomalous values in silver, copper and gold were reported from these drill holes. The mineralization occurs in brecciated sediments and syenite porphyry. (See Company News Release dated March 19th, 2021). Syenite porphyry is one of the main host rocks for gold mineralization at the Alamos Young Davidson Mine. The other IP chargeability anomalies have never been tested with trenching or drilling and were unknown until the results of this survey. At least two of them, (anomalies “C” and “E“) appear to be associated with syenite porphyry rocks on the west side of Hawley Lake. Only a very small portion of Anomaly “D” near the old shaft was tested by the 2020 drill program. Based on these results, Sparton plans to undertake a trenching program to attempt to expose the sources for the new IP chargeability anomalies. This work is expected to begin later this summer once amendments to the existing work permit have been approved by the Ontario Government. Positive results from the trenching will be followed up with a new drilling program.

The Company reported on December 13, 2022 that it has received an exploration permit from the Ontario Ministry of Natural Resources to allow up to 2,000 meters of drilling, and overburden stripping and sampling on claims west of Hawley Lake, Ontario, adjacent to where the old Oakes Syndicate supported shaft is located, and Sparton focused it past work. These claims were not part of the original property package and contain a number of high-priority induced polarization (“IP”) anomalies located in Sparton’s earlier work programs. These are associated with syenite Porphyry intrusive rocks which host both gold and base metal mineralization in the area. Testing them will be part of the Company’s planned 2023 exploration work.

Pense Property

On November 3, 2022, the Company announced that it entered into an option agreement with three independent prospectors (collectively, the “Vendors”) to explore the 39 claim (865 hectare) Pense Property (“the Property”) in Pense Township, Ontario. The claims are located near the Quebec provincial border, approximately 25 kilometers east of Englehart, Ontario, in the Larder Lake Mining Division.

Under the terms of the 3-year option agreement, Sparton will issue a total of 400,000 common shares, incur a total of $250,000 in exploration expenditures on the Property, and make cash payments totaling $175,000 over the 3- year period, to earn a 100% interest in the Property, detailed as follows:

Upon Receipt of Regulatory Approval: a cash payment of $25,000, issuance of a total of 100,000 common shares (issued) to the Vendors, and a commitment to incur exploration expenditures of $50,000 in first year.

In Year 2: Cash payment of $50,000, 150,000 common shares to be issued to the Vendors, and exploration expenditures of $100,000. (Optional) In Year 3: Cash payment of $100,000, 150,000 common shares to be issued to the Vendors, and exploration expenditures of $300,000. (Optional)

Production Royalty: If commercial production takes place on the Pense Property, the Vendors, will be entitled to receive an annual production royalty (the “Royalty”) equal to 2% of Net Smelter Returns, as customarily defined. At any time after a feasibility study is completed for development of any part of the Property, ½ of this Royalty (or 1%) may be purchased by the Company for the sum of $2,000,000. The Company will also have a right of first refusal to purchase the remaining 1% NSR Royalty.

All cash payments, share issuances and royalty payments, if any, will be paid or issued as to 33.333% of the totals to each vendor.

On November 3, 2022 the Company announced that it has entered into an option agreement with three independent prospectors (collectively, the “Vendors”) to explore the 39 claim (865 hectare) Pense Polymetallic Mineral Property (“the Property”) in Pense Township, Ontario. Geophysical surveys, and possibly drilling are planned for Pense in 2023.

VRB Energy

On March 15, 2021 VRB Energy announced a major new agreement for flow battery manufacturing and related activities. This included an agreement for China’s largest solar battery; a 100MW solar & storage project in Hubei Province. The framework agreement also included provision for a ‘Gigafactory’ manufacturing facility and vanadium flow battery R&D institute.

VRB Energy Chairman Robert Friedland and Chief Executive Officer Dr. Mianyan Huang announced this framework agreement for the 100-megawatt (MW) solar photovoltaic (PV) and 100MW / 500MWh vanadium flow battery integrated power station project located in Xiangyang, Hubei Province.

The agreement was signed by the Xiangyang Municipal Government, Hubei Pingfan New Energy, the Xiangyang High-tech State-owned Capital Investment and Operation Group, and VRB Energy at a ceremony on March 4th. The initial 40MW / 200MWh VRB-ESS® and 50MW per annum of manufacturing started construction in 2021.

"This project is a massive catalyst for VRB Energy's global growth and further demonstrates that we are developing the absolute best technologies to support the worldwide green energy revolution," said Mr. Friedland.

Energy storage remains a key challenge in the mass adoption of renewable energy, and we're extremely proud to be leading the way in creating cutting-edge solutions at VRB," Mr. Friedland added.

The project builds upon the success of a "PV+VRB" project of 3MW PV and 3MW / 12MWh VRB-ESS® in Xiangyang executed with Pingfan New Energy in 2019, which further validates the business model and the technology as ideally suited for integration of the daily cycling of solar PV onto utility grids.

Dr. Huang noted that Hubei Province has rich mineral resources, outstanding industrial advantages, and an excellent business environment.

"This presents a unique opportunity for scale-up of the vanadium flow battery industry, and we applaud the government's plans to support development of a US$14 billion world-leading vanadium energy storage industry cluster," Dr. Huang commented."

On June 25, 2021, Chinese Media Group "Caixing" and UK based "Energy Storage Publishing" reported that "China is on the verge of banning the use of second-life lithium-ion batteries in large-scale energy storage systems amid a spate of fires this year".

On July 2, 2021, VRB Energy announced an investment of US$24 million by BCPG PLC – a Thailand-based public company and developer and owner of renewable energy projects in Asia-Pacific region, with 900 megawatts (MW) in operating and a pipeline of over 2,200MW, across Southeast Asia, Japan and Australia.

On July 14, 2021 Sparton reported that VRB Energy's vanadium redox battery system has been selected for national evaluation in China.

In 2022 VRB Energy also tendered a contract to increase the 100-megawatt project for Hubei Province to 500 megawatts. The timing of awarding this contract was deferred until the new year, 2023 due to slowdowns related to the Covid 19 pandemic in PRC in 2022.

Chebucto Gas

Sparton holds an estimated 6.5% unitized working interest in the Chebucto natural gas field, in the Sable Island area of offshore Nova Scotia. This is part of the Scotia Offshore Energy Project ("SOEP"). SOEP gas production was terminated in 2018 by the operator Exxon–Mobil.

These include SDL 2286, part of the Chebucto gas field, in which the Company owns a 12.5 % working interest. Chebucto is located near the existing North Triumph production facilities. The SOEP supplies natural gas into the northeast seaboard areas of the United States and Canada. Sparton has owned the Chebucto interest since 1997.

There were no other new developments with Chebucto during the periods in 2021 and 2022. In 2013, the Company had re-assessed the value of the oil and gas properties and concluded an impairment of $553,914 and written down the value of the properties to $1 due to the continuing low price of natural gas.

Financial Highlights

Results of Operations

For the period ended March 31, 2023

The net loss from operation for the period in 2023 was $97,997 compared to $82,795 for the period in 2022. The Company's contract drilling subsidiary, EDCOR, recorded $nil revenue in the period in 2023 (2022 - $267,100). Operating expenses totalled $97,514 in the period in 2023 (2022 - $348,712). Main operating expenses include $nil drilling costs (2022 - $219,526), $10,415 exploration expenditures (2022 – $70,382), $47,150 (2022 - $25,519) general and administrative expenses, $14,316 (2022 - $9,000) management and consulting fees, $8,708 (2022 - $9,444) professional fees, $769 (2022 - $769) interests, $4,500 (2022 - $4,500) occupancy costs, $8,169 (2022 - $9,284) transfer agent filing and listing fees, and other expenses. The Company also recorded a $483 unrealized loss (2022 – $1,183) from investment. Loss per share for the period basic and diluted was $0.00 (2022 - $0.00). Cash flow from operating activities showed net cash outflow of $49,063 (2022 – $84,361) for the period ended March 31, 2023.

During the period in 2023, the Company reported cash used for investing activities of $nil (2022 - $20,000) for purchase of mining exploration equipment.

During the period ended March 31, 2023, the Company reported a total cash flow used in financing activities of $nil (2022 – $20,000). In the period in 2023, the Company paid short term debt of principal of $nil (2022 - $20,000), and $nil (2022 - $60,000) for loans payable.

Quarterly Information

The following table sets out selected quarterly financial information of Sparton and is derived from quarterly financial statements prepared by management:

	Mar 31, 2023	Dec 31, 2022	Sept 30, 2022	June 30, 2022	Mar 31, 2022	Dec 31, 2021	Sept 30, 2021	September 30, 2021
Operating Revenue ($)	Nil	462,835	247,500	289,785	141,745	255,102	105,090	2,841
Total Net (Income) Loss ($)	97,997	(122,498)	189,712	78,023	208,150	21,436	215,370	82,637
Basic and Diluted Loss (gain) Per Share ($)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Liquidity and Financial Condition

As at March 31, 2023, Sparton had a liquidity concern. It had current assets of $49,264 (December 31, 2022 - $258,690), and a working capital deficit of $447,015 (December 31, 2022 - $356,008). Cash and marketable securities totalled $35,846 (December 31, 2022 - $85,392). Amount receivables were $13,418 (December 31, 2022 - $161,834). Property, plant and equipment assets were $90,193 at March 31, 2023 (December 31, 2022 - $97,183). Long term investment in VRB valued at $1,587,133 (December 31, 2022 - $1,587,133). Current liabilities totalled $496,279 at March 31, 2023 (December 31, 2022 - $614,698). Included in the current liability were $53,742 (December 31, 2022 - $149,382) accounts payable and accrued liabilities, $224,847 (December 31, 2022 - $224,078) of short-term debts, and $217,690 (December 31, 2022 - $241,238) due to related parties.

As at March 31, 2023 there was a short-term loan of $52,000 (December 31, 2022 - $52,000) bearing an annual interest of 6% payable on a quarterly basis in arrears, unsecured, and due on demand. As at March 31, 2023, there was $142,847 (December 31, 2022 -$142,078) interest payable accrued for this loan.

The Company had interest free government subsidy loans (CEBA) payable with a future payment of $30,000 as at March 31, 2023 and December 31, 2022 that is due on demand and will be repaid within the year 2023.

Non-controlling interests representing carrying value of the share interest held by minority shareholders in Sparton's subsidiary VanSpar was $350,600 as of March 31, 2023 ($350,554 as at December 31, 2022).

Capital Management:

The Company is not subject to any capital requirements by a lending institution or regulatory body, other than the TSX Venture Exchange ("TSX-V") which requires adequate working capital or financial resources of the greater of a) $50,000 and b) the amount required to maintain operations and cover general and administrative expenses for a year of 6 months. As of May 27, 2023, the Company is compliant with this policy of the TSX-V.

Outstanding Share Data

Sparton's authorized capital consists of an unlimited number of common shares without par value. As at the date of this MD&A, there were 148,341,537 common shares issued and outstanding.

As of the date of this MDA, there are 3,400,000 share options and 50,000 warrants outstanding.

Related Party Transactions

The Company's related parties consist of the following:

Related parties	Relationship
A. Lee Barker	CEO and President; minority shareholder of VanSpar
Wes Roberts	Director
Richard D. Williams	Director; minority shareholder of VanSpar
Oriental Sources Inc.	A company controlled by the Company's CFO

Due to related parties	March 31, 2023 $	December 31, 2022 $
Consulting fees payable to Oriental Sources Inc. (i)	128,898	132,288
Rent and fees payable to Lee Barker (i)	88,792	108,950
Total	217,690	241,238

(i) During the period in 2023, $4,500 (2022 - $4,500) office space rent expenses were accrued for property owned by the President of the Company. The Company was also billed and paid $9,000 plus HST (2022 - $9,000) by Oriental Sources Inc., a company controlled by the CFO of the Company for consulting fees which were recorded as management and consulting fees on the consolidated statement of loss.

The compensation expense associated with key management and directors for employment services or similar during the three months in 2023 and 2022 are as the follows:

	2023	2022
Salaries, consultant fees and other benefits	$ 9,000	$ 9,000
	$ 9,000	$ 9,000

New accounting policies:

Standards, amendments, and interpretations Issued but not yet adopted.

New and amendments to IFRSs in issue but not yet effective except for the above, the Company has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]

[1] Effective for annual periods beginning on or after a date to be determined.

The management is currently assessing its impact of adopting these amendments and don't expect material impact on the consolidated financial statements in the foreseeable future.

Critical Accounting Estimates and Judgements:

The preparation of financial statements requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates will, by definition, seldom equal the actual results. The following discussion sets forth management's:

- most critical estimates and assumptions in determining the value of assets and liabilities; and
- most critical judgments in applying accounting policies.

Please refer to Note 3 to the December 31, 2022 audited consolidated financial statements for the critical accounting estimates and judgements used by management for the financial statements.

Financial instruments and risk factors

The Company's current major projects are the Chebucto, offshore Nova Scotia, natural gas license, the nearby North Triumph license, the Bruell property, and the Sir Harry Oakes Mining property and the new Pense Polymetallic Project. Unless the Company acquires or develops additional project, the Company will be mainly dependent upon these projects. If no additional major mineral related assets are acquired by the Company, any adverse development affecting these assets would have a material adverse effect on the Company's financial condition and results of operations.

Other risk factors and the impact on the Company's financial instruments are summarized in the Note 4 to the December 31, 2022 audited consolidated financial statements. There have been no changes in the risks, objectives, policies and procedures from the previous period.

Please refer to the Note 4 to the December 31, 2022 audited consolidated financial statements of the Company for the discussions on the financial instruments the Company holds, and the risk factors and analysis.

Off-Balance Sheet Arrangements

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

Corporate Governance and Management's Responsibility for Financial Statements

Management of the Company is responsible for the preparation and presentation of the annual and interim consolidated financial statements and notes thereto and the accompanying MD&A and other information contained therein. Additionally, it is management's responsibility to ensure that the Company complies with the laws and regulations applicable to its activities. The Company's management is accountable to the Board of Directors ("Directors"), each member of which is elected annually by the shareholders of the Company. Responsibility for the reviewing and approving of the Company's annual audited and quarterly unaudited consolidated financial statements and related MD&A is delegated by the Directors to the Audit Committee, which is comprised of three directors, two of whom are independent of management.

The consolidated financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information management must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

All relevant information related to the Company is filed electronically at www.sedar.com and on the Company's website at www.spartonres.ca.

Outlook

One of the challenges for clean electricity (wind and solar) is storage. The energy storage industry has now become a significant growth business with installations of clean electricity generation systems around the world. China has been particularly aggressive in this program with its movement to reduce pollution from its fossil fuel power plants. The best solution for power storage and grid distribution on a large scale appears to be the vanadium redox battery. Through Sparton's interest in vanadium, the Company's subsidiaries have been provided with the opportunity to be a participant in this exciting nascent global market. Recent China Central government policy statements are both encouraging and mandating the use of vanadium flow batteries in China and the VRB Energy business is expected to grow now that vanadium prices have moved to levels that make vanadium flow batteries competitive with systems such as lithium.

It is anticipated that new contracts for storage systems will be forthcoming both in China and internationally. VRB Energy is actively pursuing new sales opportunities and economical sources of vanadium both inside and outside of China.

Mineral exploration and mining objectives continue to be the focus of the Company's long-term plans as well as the ongoing search for other resource opportunities. With an emphasis on gold as a priority exploration target Sparton has recognized that, with the current economic situation and Covid-19 influence on the world economy, quality gold projects represent the best opportunity for financing and development.

The positive results achieved at Bruell during 2019 generated interest by Eldorado Gold to invest in the project as a joint venture partner and post the Covid-19 Quebec exploration lockdown new geophysical surveys, geochemical sampling and possibly 8,000 drilling are planned there by Eldorado for 2023.

By selecting projects near producing gold mines, the Company, if successful in locating new resources, has the potential for strong nearby partners to support additional exploration and development. With the ongoing Canada / US dollar exchange rate very favorable for domestic gold producers the Company believes that seeking viable precious metals projects in Canada will continue to be its focus. The agreement with Eldorado Gold for Bruell in the Val d'Or area of Quebec (nearby Lamaque Mine) and acquisition of the Oakes mining leases near Alamos Golds' Young Davidson Mine near Matachewan Ontario are examples of this Company strategy.

New financing initiatives to support all of these activities are being pursued by Company management on an ongoing basis. In a continuing depressed market for junior resource companies, Sparton has instituted significant cost cutting measures and is actively seeking new clients for its drilling subsidiary, EDCOR, as a source of revenue.

New project opportunities are also becoming available as competitors struggle to raise financing and these are also being evaluated.

Events after the Reporting Period

Subsequent to March 31, 2023, Edcor Drilling executed a new contract for 6000 meters of core drilling in an area west of Sudbury Ontario.

Further, Denise Cummings-Luckie was appointed to the Company board of directors and will stand for election at the Sparton Annual Meeting on Tuesday June 27, 2023.