



A.I.S. RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2021

A.I.S. RESOURCES LIMITED

Management's Discussion and Analysis

For the three months ended March 31, 2021

May 31, 2021

ADVISORY REGARDING THIS MD&A AND FORWARD-LOOKING STATEMENTS

Securities laws encourage public issuers to disclose forward-looking information in their management's discussion and analysis (MD&A) so that investors can get a better understanding of the company's future prospects and make informed investment decisions.

Forward-looking information and statements included in this MD&A about the objectives of the Company and management's expectations, beliefs, intentions or strategies for the future are not guarantees of future performance and should not be unduly relied upon.

All forward-looking statements reflect management's current views as of May 31, 2021, with respect to future events, and they are subject to certain risks, uncertainties and assumptions that may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such risks, uncertainties and assumptions include, but are not limited to: general economic conditions; the cost and availability of capital; actions by government authorities; actions by regulatory authorities; availability of raw materials; changes in raw materials prices; currency exchange rates; interest rates; competitor activity; industry pricing pressures; seasonality of the construction industry; and weather-related factors.

A more detailed assessment of the risks that could cause actual results to materially differ from our current expectations is included in the Risk Management and Assessment section of this MD&A.

The following MD&A, prepared as of May 31, 2021, should be read together with the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2021 and the consolidated financial statements for the year ended December 31, 2020 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

The condensed interim consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries; AIS Resources S.A., an Argentina company and AIS Resources Aust. Pty Ltd, an Australian company. All significant intercompany transactions and balances have been eliminated.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company has been minimal to date, but management continues to monitor the situation.

BUSINESS OF THE COMPANY

A.I.S. Resources Limited (the “Company” or “AIS”) was incorporated under the laws of Bahamas Islands. On December 20, 2018, the Company continued as a British Columbia Corporation and is now governed by the Business Corporations Act (British Columbia). The Company is an investment issuer listed on the TSX Venture Exchange and trades under the stock symbol “AIS”.

The head office and principal address of the Company are located at Suite 3500 – 1055 Dunsmuir Street PO Box 49114, Vancouver, British Columbia, Canada V7X 1H7. The Company’s records office and registered office is located at Suite 700 - 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

The business of AIS is to identify and develop early stage projects worldwide, that have strong potential for growth with the objective of providing returns for shareholders. The Company is engaged in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties as well as the purchase and sale of EV battery materials, most recently manganese trading. AIS’s value add strategy is to acquire prospective exploration projects and enhance their value by better defining the mineral resource with a view to attracting joint venture partners and enhancing the value of its portfolio.

SIGNIFICANT EVENTS

- On March 18, 2021, the Company entered into an Option Agreement to acquire 100% interest in the Candela II Project (the “Project” or “Property”) located in Incahuasi Salar in Salta province, Argentina, for a purchase price of \$1.2 million USD. The Project is comprised of a mining licence. Under the terms of the Option Agreement, the Company paid \$100,000 USD upon signing of the Option Agreement and will pay \$100,000 USD in six months from the Option Agreement date for a 12 month option period entitling it to conduct exploration, sampling, chemistry and drilling to determine the commercial viability of the Project.

During March 2021, the Company entered into an Option Agreement with Tech One Lithium Resources Corp. (“Tech One”) granting Tech One the right to acquire 80% interest in the Candela II Project for a purchase price of \$1 million USD. Under the terms of the Option Agreement, Tech One paid \$100,000 USD to the Company upon signing the Option Agreement and will pay \$100,000 USD in six months from the Option Agreement date for a 12 month option period. In addition, Tech One must expend \$500,000 USD on the property during the option period. Tech One has the right to acquire the remaining interest in the Project for a consideration of \$6 million USD.

- On January 29, 2021, the Company completed a private placement comprising of 15,625,000 units at \$0.08 per unit for gross proceeds of \$1,250,000. Each unit is comprised of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder thereof to acquire one common share at a price of \$0.12 for a period of two years from the date of closing of the placement. The Company’s directors and officers participated in the private placement. The Company paid cash finder’s fees totaling \$62,640 and issued 783,000 broker warrants. The broker warrants have the same terms as the private placement warrants.
- On January 7, 2021, the Company granted 2,250,000 stock options to directors, officers and consultants of the Company. The options have an exercise price of \$0.08 and a life of 5 years. The options vested immediately upon grant.
- On January 11, 2021, the Company granted 616,667 stock options to consultants of the Company. The options have an exercise price of \$0.08 and a life of 5 years. The options vested immediately upon grant.

OUTLOOK

The Company invests in high risk, venture capital investments. Liquidity of these investments varies among each respective investment and accordingly the investment cycle can be of long duration. The Company is also engaged in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties.

Yalgogrin Gold Project

The Yalgogrin Gold Project (the “Property” or “Project”) is comprised of two exploration licences (ELs) - the EL5891 tenement, which is 2.8 sq. kilometers (280 hectares), and EL9052, which is 56 sq. kilometers and encompasses two historical gold mines. The Property is located in the historic West Wyalong gold corridor of central NSW, Australia. The Company has earned 60% interest in the Yalgogrin Project.

On October 7, 2020, the Company entered into an Option Agreement (the “Agreement”) to acquire the Yalgogrin Gold Project. The Agreement replaces and supersedes the Binding Letter of Intent (“LOI”) dated July 16, 2020 for acquisition of the Project. The Company paid AU\$30,000 for an exclusivity period of 90 days between the LOI and the Agreement dates. The Project is subject to 2% net smelter return royalty on the first 50,000 oz gold production.

Initial Option

Under the terms of the Agreement, the Company may acquire 60% interest in the Project by paying the consideration consisting of (i) a cash payment of AU\$275,000 (paid) upon signing of the Agreement; and (ii) the issuance of 4,000,000 of the Company’s common shares (issued).

Additional Option

Under the terms of the Agreement, to acquire the remaining 40% interest the Company will (i) incur exploration expenditures of AU\$750,000 within 12 months of the Agreement date; and (ii) issue within 18 months from the Agreement date common shares of the Company for AU\$600,000 at the 20-day volume-weighted average price (“VWAP”) immediately preceding the issue date.

During the period ended March 31, 2021, the Company incurred exploration costs of \$195,326 on the Yalgogrin Gold Project.

Toolleen-Fosterville Gold Project

The Toolleen-Fosterville Gold Project (the “Property” or “Project”) is comprised of an exploration licence, covering 26 sq. kilometers, located 3 km from the township of Toolleen, Victoria Australia and 12 km from the Kirkland Lake Fosterville gold mine. The Property is situated on freehold land and crown land and has no native title claim.

On November 11, 2020, the Company entered into a Sale and Purchase Agreement (the “Agreement”) to acquire the Toolleen-Fosterville Gold Project. The Agreement replaces and supersedes a binding letter of intent dated August 21, 2020 for acquisition of the Project. The Project is subject to 1% net smelter return royalty on all gold production.

Under the terms of the Agreement, the Company may acquire 100% interest in the Project by paying the consideration as follows:

- A deposit payment of AU\$100,000 (paid);
- A payment of AU\$100,000 upon signing of the Agreement (paid);
- A payment of AU\$175,000 within 7 days of the TSX Venture Exchange (the “Exchange”) approval and after renewal of the underlying exploration licence (paid);
- Issue 6,060,000 shares of the Company and 6,060,000 share purchase warrants within 7 days of the Exchange approval and after renewal of the exploration licence. Each warrant will entitle the holder to acquire one common share of the Company at a price of \$0.15 for a period of five years; and

- Incur exploration expenditures of AU\$1,000,000 within 18 months of the Agreement signing date.

During the period ended March 31, 2021, the Company incurred exploration costs of \$21,208 on the Toolleen-Fosterville Gold Project.

Kingston Gold Project

The Kingston Gold Project (the “Property” or “Project”) located near Navarre, Victoria Australia is comprised of Exploration Licence 006318, covering 167 sq. kilometers but excluding Prospecting Licence (“PL”) PL007020 contained within the exploration licence area. The Company has earned 100% interest in the Kingston Gold Project.

On November 13, 2020, the Company entered into a Sale and Purchase Agreement (the “Agreement”) to acquire the Kingston Gold Project. The Agreement replaces and supersedes an option agreement dated September 17, 2020 for acquisition of the Project. The Company paid AU\$35,000 for an exclusivity period of 60 days between the option agreement and the Sale and Purchase Agreement dates. The Project is subject to 1% net smelter return royalty on the first 50,000 oz gold production after the exploration licence is converted into a mining licence.

Under the terms of the Agreement, AIS Resources may acquire 100% interest in the Project by paying the consideration consisting of (i) cash payments of AU\$125,000 upon signing of the agreement (paid); (ii) cash payment of AU\$125,000 upon receiving the TSX Venture Exchange approval (paid); and (iii) issue upon exchange approval 4,000,000 shares of the Company (issued) and 4,000,000 share purchase warrants exercisable at \$0.15 for five years (issued).

Candela II Project

The Candela II Project (the “Project” or “Property”) is comprised of a mining licence covering 3 sq. kilometers on the Incahuasi Salar in the lithium triangle in Argentina.

On March 18, 2021, the Company entered into an Option Agreement to acquire 100% interest in the Candela II Project for a purchase price of \$1.2 million USD. Under the terms of the Option Agreement, the Company paid \$100,000 USD upon signing of the Option Agreement and will pay \$100,000 USD in six months from the Option Agreement date for a 12 month option period entitling it to conduct exploration, sampling, chemistry and drilling to determine the commercial viability of the Project.

During March 2021, the Company entered into an Option Agreement with Tech One Lithium Resources Corp. (“Tech One”) granting Tech One the right to acquire 80% interest in the Candela II Project for a purchase price of \$1 million USD. Under the terms of the Option Agreement, Tech One paid \$100,000 USD to the Company upon signing the Option Agreement and will pay \$100,000 USD in six months from the Option Agreement date for a 12 month option period. In addition, Tech One must expend \$500,000 USD on the property during the option period. Tech One has the right to acquire the remaining interest in the Project for a consideration of \$6 million USD.

Buda Juice

The Company holds 3.99% of Buda Juice LLC, a US company. Buda Juice is an operator and franchiser of cold pressed USDA certified organic juice. With its 5000 sq. ft. state of the art kitchen is located in Dallas, Texas, Buda Juice is in the process of expanding its presence in the USA and Canada as well as e-commerce markets.

The Company determined that the fair value of its investment in Buda Juice at March 31, 2021 was \$1,137,850 (\$904,852 USD). During the three months ended March 31, 2021, the Company recognized an unrealized loss on investment of \$14,207 (2020 – gain of \$102,212), which has been recorded as other comprehensive income.

Manganese Trading

Manganese trading comprises purchasing mined and crushed ore at the mine site, with AIS supervising quality assurance and control, logistics to port and shipping for export. AIS completed its first test shipment in January 2020. COVID 19 restrictions severely affected demand for manganese in the first quarter of 2020 primarily due to the shut-down of business in China. With the return to work in China demand and market prices began to recover in April 2020. The Company is currently monitoring the manganese market to determine the appropriate time to recommence manganese trading. AIS anticipates that the Manganese Trading business will provide positive cash flows in the midterm.

SELECTED ANNUAL INFORMATION

	December 31, 2020 \$	December 31, 2019 \$	December 31, 2018 \$
Revenue	60,390	-	-
Net loss			
- total	(1,106,123)	(5,680,477)	(3,240,426)
- per share basis	(0.01)	(0.08)	(0.06)
Comprehensive loss	(1,129,287)	(5,049,788)	(3,196,638)
Total assets	2,775,197	1,553,664	4,290,832
Working capital (deficiency)	(373,720)	(1,162,134)	(1,000,701)

SUMMARY OF QUARTERLY RESULTS

Period	Net Loss	Loss per share	Total expense
1 st Quarter 2021	441,617	(0.00)	569,964
4 th Quarter 2020	306,910	(0.00)	422,843
3 rd Quarter 2020	358,711	(0.00)	382,290
2 nd Quarter 2020	146,771	(0.00)	188,416
1 st Quarter 2020	293,731	(0.00)	210,830
4 th Quarter 2019	4,481,587	(0.05)	266,420
3 rd Quarter 2019	690,655	(0.01)	695,222
2 nd Quarter 2019	292,877	(0.00)	255,995

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2021

The Company continued its efforts to identify, evaluate and acquire additional suitable investments.

The Company realized a comprehensive loss of \$455,824 (2020 – \$191,519). Significant changes were as follows:

- Consulting fees increased to \$90,735 (2020 - \$54,327) as a result of increase in consultant engagement and CEO's compensation.
- Management fees increased to \$31,500 (2020 - \$23,625) as a result of increase in Chairman's compensation.
- Professional fees increased to \$51,195 (2020 - \$22,937) with increase in professional services availed.
- Transfer agent and filing costs increased to \$25,196 (2020 - \$7,693) in relation to financing activities.
- Interest expense of \$21,060 (2020 - \$31,498) was incurred on promissory notes and loans payable. The decrease is due to repayment of debt.
- General and administrative expenses of \$42,495 (2020 – \$42,732) include depreciation, insurance, short-term lease, website maintenance, and shareholder communications expense.
- The Company incurred \$62,186 (2020 – \$20,518) in travel and promotion costs.
- Stock based compensation of \$188,577 (2020 - \$nil) relates to stock options vesting during the period.
- Gain on marketable securities of \$125,398 (2020 - \$nil).
- The Company recognized an unrealized loss on investment in Buda Juice LLC of \$14,207 (2020 - \$102,212 gain) recorded as other comprehensive income.

LIQUIDITY AND CAPITAL RESOURCES

The Company had \$648,751 cash and cash equivalents at March 31, 2021 (December 31, 2020 - \$454,361).

During the period ended March 31, 2021, the primary use of cash was the funding of operating activities of \$564,561 (2020 - \$18,450), promissory notes and loans repayments, net of proceeds, of \$127,840 (2020 - \$nil), marketable securities purchases of \$231,019 (2020 - \$nil), and exploration and evaluation assets of \$488,180 (2020 - \$nil).

The primary sources of cash were shares issued for cash \$1,180,000 (2020 - \$nil), warrants exercised \$30,000 (2020 - \$nil), promissory notes and loans proceeds, net of repayments, of \$nil (2020 - \$30,505), proceeds from sale of marketable securities of \$229,287 (2020 - \$nil), and options payments of \$125,800 (2020 - \$nil).

The Company's continued existence is dependent upon the achievement of profitable operations or the ability of the Company to raise alternative financing. Changes in future conditions could require material write-downs of carrying values of assets.

At March 31, 2021, the Company had a working capital of \$246,439 (December 31, 2020 – deficit of \$373,720). The Company has incurred net losses since inception and as of March 31, 2021, had accumulated losses of \$18,841,992 (December 31, 2020 - \$18,400,375).

Share Capital

During the period ended March 31, 2021, the Company issued 300,000 common shares upon exercise of warrants for gross proceeds of 30,000.

On January 29, 2021, the Company completed a private placement comprising of 15,625,000 units at \$0.08 per unit for gross proceeds of \$1,250,000. Each unit is comprised of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder thereof to acquire one common share at a price of \$0.12 for a period of two years from the date of closing of the placement. The Company's directors and officers participated in the private placement. The Company paid cash finder's fees totaling \$62,640 and issued 783,000 broker warrants. The broker warrants have the same terms as the private placement warrants.

On January 14, 2021, the Company issued 4,000,000 common shares with value of \$360,000 and 4,000,000 warrants for acquisition of 100% interest in the Kingston Gold Project. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.15 for a period of five years.

On December 1, 2020, the Company completed a private placement comprising of 18,970,000 units at \$0.07 per unit for gross proceeds of \$1,327,900. Each unit is comprised of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder thereof to acquire one common share at a price of \$0.10 for a period of one year from the date of closing of the placement subject to certain accelerated expiration provisions. The Company's directors and officers participated in the private placement. The Company paid cash finder's fees totaling \$23,240 and issued 396,000 broker warrants. The broker warrants have the same terms as the private placement warrants.

On October 29, 2020, the Company issued 4,000,000 common shares with value of \$280,000 for acquisition of Yalgogrin property in accordance with the terms of an option agreement.

On October 9, 2020, the Company issued 379,747 bonus shares with value of \$30,000 to a director as consideration for the promissory note issued by the Company.

On August 28, 2020, the Company issued 143,463 common shares in satisfaction of debt \$9,325 of indebtedness owed to a vendor.

On August 18, 2020, the Company completed a private placement comprising of 27,833,333 units at \$0.03 per unit for gross proceeds of \$835,000. Each unit is comprised of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder thereof to acquire one common share at a price of \$0.08 for a period of one year from the date of closing of the placement subject to certain accelerated expiration provisions. The Company's directors and officers participated in the private placement.

Promissory notes and Loans payable

During the year ended December 31, 2019, the Company issued a promissory note in the principal amount of USD \$390,500 to a third party. The principal comprised aggregate principal of USD \$375,000 and aggregate accrued interest of USD \$15,500 of two promissory notes issued to a third party in the year ended December 31, 2018. The note is secured against the Company's investment in Buda Juice LLC, payable one year from the date of issuance, and bears interest at a rate of 14% per annum. The Company paid a legal fee of USD \$2,500 USD and 3% loan commitment fee of USD \$11,715. During the year ended December 31, 2020, the Company repaid loan principal of \$215,500, paid accrued interest of USD \$60,640, and advance interest of USD \$4,648. During the three months ended March 31, 2021, the Company repaid loan principal of USD \$100,000 and recorded \$4,646 (2020 - \$19,337) as interest expense on the short-term debt and recorded accretion expense of \$nil (2020 - \$4,686) in connection with this promissory note. The carrying value of this promissory note at March 31, 2021 is \$94,312 (December 31, 2020 - \$222,810).

During the year ended December 31, 2019, the Company issued a promissory note in the amount of USD \$20,000 to a director of the Company. The note is unsecured, payable one year from the date of issuance, and bears interest at a rate of 12% per annum. During the year ended December 31, 2019, the Company received further advances of USD \$30,000 under the promissory note. During the year ended December 31, 2020, the Company received further advances of USD \$6,520. During the three months ended March 31, 2021, the Company recorded \$2,103 (2020 - \$2,397) as interest expense. The carrying value of this promissory note at March 31, 2021 is \$83,406 (December 31, 2020 - \$82,318).

During the year ended December 31, 2019, the Company issued a promissory note in the amount of \$5,000 to a director of the Company. The note is unsecured, payable one year from the date of issuance, and bears interest at a rate of 12% per annum. During the year ended December 31, 2019, the Company received further advances of \$5,000 under the promissory note. During the three months ended March 31, 2021, the Company recorded \$296 (2020 - \$306) as interest expense. The carrying value of this promissory note at March 31, 2021 is \$11,754 (December 31, 2020 - \$11,458).

During the year ended December 31, 2019, the Company received loan advances of \$79,000 from a director of the Company. The loan payable is unsecured, payable within one year, and bears interest at a rate of 12% per annum. During the year ended December 31, 2020, the Company recorded \$6,265 as interest expense on the loan and repaid the loan in full. The carrying value of this loan payable at March 31, 2021 is \$nil (December 31, 2020 - \$nil).

During the year ended December 31, 2020, the Company received loan advances of \$21,437 from a director of the Company. The loan payable is unsecured, payable within one year, and bears interest at a rate of 12% per annum. During the year ended December 31, 2020, the Company recorded \$400 as interest expense on the loan and repaid the loan in full. The carrying value of this loan payable at March 31, 2021 is \$nil (December 31, 2020 - \$nil).

During the year ended December 31, 2020, the Company issued a promissory note in the amount of \$150,000 to a director of the Company. The note is unsecured, payable one year from the date of issuance, and bears interest at a rate of 8% per annum. The Company issued 379,747 bonus shares with a fair value of \$30,000 in connection with the promissory note, which was recorded against the face value of the promissory note on the date of issuance. During the three months ended March 31, 2021, the Company recorded \$2,959 (2020 - \$nil) as interest expense and recorded accretion expense of \$7,397 (2020 - \$nil) in connection with this promissory note. The carrying value of this promissory note at March 31, 2021 is \$140,022 (December 31, 2020 - \$129,665).

OUTSTANDING SHARE DATA

As at the date of this report, the capital stock of the Company was as follows:

The authorized share capital of the Company is an unlimited number of shares with no par value. All issued shares, consisting only of common shares, are fully paid.

	Number of shares issued or issuable
Common shares	156,367,909
Warrants	87,029,555
Options	13,536,667
Total if all exercised	256,934,131

RELATED PARTY TRANSACTIONS

For the three months ended March 31, 2021, the Company recorded the following transactions with related parties:

- a) \$45,000 in consulting fees to a company controlled by the Chief Executive Officer ("CEO") of the Company (2020 - \$30,000).
- b) \$31,500 in management fees to the Chairman of the Board of Directors (2020 - \$23,625).
- c) \$31,500 in professional fees to a company controlled by the Chief Financial Officer ("CFO") of the Company (2020 - \$22,218).
- d) \$7,500 in director's fees to a company controlled by an independent Director of the Company (2020 - \$7,500).

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Compensation awarded to key management includes the following:

	Three months ended March 31,	
	2021	2021
	\$	\$
Short-term benefits	115,500	83,343
Stock-based compensation	128,271	-
Total	243,771	83,343

Amounts owing to related parties was as follows:

	March 31, 2021	December 31, 2020
	\$	\$
Board Chairman for management fees	64,873	33,373
Director for director's fees	-	7,500
Director for expenses	-	-
CEO for expenses	-	35,068
CEO for consulting fees	-	112,500
CFO for professional fees	21,000	10,500
	85,873	198,941

Included in prepaid expenses are \$5,736 for expenses paid to the Chairman of the Board (December 31, 2020 - \$9,196).

At March 31, 2021, promissory notes and loans payable with an aggregate principal amount of \$160,000 and US \$56,520 were payable to a director of the Company (December 31, 2020 - \$160,000 and US \$56,520). (Note 13)

SUBSEQUENT EVENTS

- a) In April 2021, the Company paid cash consideration of AU\$175,000 in accordance with the Agreement for Toolleen-Fosterville Gold Project.
- b) The Company repaid the outstanding promissory note principal of USD \$75,000 payable to a third party.

- c) The Company repaid the outstanding promissory note principal of USD \$56,520 and paid accrued interest of USD \$10,030 payable to a director of the Company.
- d) The Company repaid the outstanding promissory note principal of \$10,000 and paid accrued interest of \$1,793 payable to a director of the Company.

INVESTMENT POLICY AND BUSINESS RISK

Investment Goals

Our investment goal is to pursue high potential projects and ideas or themes with a view to maximizing returns. These specific investment objectives are as follows:

- Opportunistic: Opportunistic investments in high growth potential projects and business propositions that are presented in a high growth market or in a distressed state where assets have been significantly discounted.
- High Growth: Primary objective is to maximize returns for shareholders, taking advantage of increasing product prices, scarcity of product or technology or barriers to entry that can be used to our market advantage.
- Sectors: Invest thematically in diverse sectors including mining, chemicals, energy technology and food and beverages.

Investment Objectives

Our measurable investment objectives are as follows:

- Achieve a minimum Return on Capital Employed (ROCE) of 30% per annum within 24 months of investing (or the time period allocated to payback), and
- Achieve a positive NPV using a discount rate of 12% that provides for an Internal Rate of Return that exceeds 30% after the investment equity has been earned after tax.

Investment Strategy

- After defining attractive market segments in our thematic sectors, use our fair value model to allow investment opportunities to be evaluated for Company fit to investment objectives and thematic investment policy.
- Value assets using appropriate investment methodology and test for risk and sustainability of cashflows and benchmark these metrics accordingly.
- Utilize capital in distressed assets and invest where a major market share can be acquired quickly.

Risks arise within the context of the general economic environment in which investment decisions are made. This includes but is not limited to, such macroeconomic factors as fluctuations in interest rates, commodity prices, foreign exchanges rates and liquidity in the economy and in specific markets. There are risk effects that these factors have on individual issuers and investments made by the Company.

Additionally, risks arise with respect to each individual investment made by the Company including, but not limited to factors such as operational performance, profitability, and the opportunity to sell the investment in the future. Investments may take extended periods of time until fruition becomes evident; and while management endeavors to perform at the highest level, there is a risk of failure.

The Company has also commenced activities in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. The Company intends to develop these projects then spin them out at the appropriate time.

Due to the nature of the Company's business and the present stage of exploration of its resource properties (which are primarily early stage exploration properties with no known resources or reserves that have not been explored by modern methods), the following risk factors, among others, will apply:

Mining Industry is Intensely Competitive: The mining industry is intensely competitive and the Company will compete with other companies that have far greater resources.

Resource Exploration and Development is Generally a Speculative Business: Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. The great majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.

Fluctuation of Metal Prices: Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over short periods of time and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any mineral deposit will be such that any of its resource properties could be mined at a profit.

Permits and Licenses: The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

No Assurance of Profitability: The Company has no history of earnings and, due to the nature of its proposed business, there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or, possibly, the sale or optioning of a portion of its interest in its resource properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its properties, there can be no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Uninsured or Uninsurable Risks: The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's

perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Government Regulation: Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In addition, the profitability of any mining prospect is affected by the market for precious and/or base metals which is influenced by many factors including changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing corporations, the political environment and changes in international investment patterns.

Environmental Matters: Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit any mining properties will be subject to various reporting requirements and to obtaining certain government approvals and there can be no assurance that such approvals, including environment approvals, will be obtained without inordinate delay or at all.

Financing Risks: The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfil its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

Insufficient Financial Resources: The Company does not presently have sufficient financial resources to undertake by itself the exploration and development of all of its planned exploration and development programs. The development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing or other means. There can be no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties. In particular, failure by the Company to raise the funding necessary to maintain in good standing its various option agreements could result in the loss of its rights to such properties.

Dependence Upon Others and Key Personnel: The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its resource properties; (ii) the ability to produce minerals from any resource deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities. This is especially true as the competition for qualified geological, technical and mining personnel and consultants is particularly intense in the current marketplace.

Price Fluctuations and Share Price Volatility: In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies, have experienced wide fluctuations in price which have not necessarily

been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual and extreme fluctuations in price will not occur.

Surface Rights and Access: Although the Company acquires the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights can be costly and time consuming. In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no impediments to surface access. However, in areas where there are local populations or land owners, it is necessary, as a practical matter, to negotiate surface access. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdictions.

Title: Although the Company has taken steps to verify the title to the resource properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to resource properties may be subject to unregistered prior agreements or transfers, and it may also be affected by undetected defects or the rights of indigenous peoples.

Acquisition of Mineral Concessions under Agreements: The agreement pursuant to which the Company has the right to acquire a number of its properties provide that the Company must make a series of cash payments and/or share issuances over certain time periods, expend certain minimum amounts on the exploration of the properties or contribute its share of ongoing expenditures. The Company does not presently have the financial resources required to complete all expenditure obligations under its property acquisition agreement over their full term. Failure by the Company to make such payments, issue such shares or make such expenditures in a timely fashion may result in the Company losing its interest in such properties. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations thereunder, with the result that the Company could forfeit its interest in one or more of its mineral properties.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates, judgements and assumptions are reviewed on a continuous basis and are based on management's historical experience, knowledge of current conditions and other factors believed to be reasonable under the circumstances. Material estimates, and assumptions are made with respect to current and deferred income taxes and the fair value and level of financial instruments.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Judgements

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The factors considered by management are disclosed in Note 1 of the financial statements.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Estimates

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Recognition of deferred income tax assets and liabilities

The carrying amount of deferred income tax assets and liabilities is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Changes in estimates of future taxable profit can materially affect the amount of deferred income tax assets and liabilities recognized from period to period.

Impairment

Management assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of any such assets may exceed their recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company shall measure, present and disclose any resulting impairment.

Valuation of investment

The Company evaluates the financial health of, and near-term business outlook for, the investee, including factors such as industry and sector performance, changes in technology, and operational and financing cash flow.

The determinations of fair value of the Company's investments at other than initial cost are subject to certain limitations. Financial information for privately-held company investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information,

the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include credit risk, currency risk, interest rate risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors. Please refer to Note 20 of the condensed interim consolidated financial statements for the period ended March 31, 2021, for further details.

ADDITIONAL CORPORATE INFORMATION

Additional information relating to the Company, including the Information Circular, can be found on the SEDAR website at www.sedar.com.