CANEX METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2022

The following management discussion and analysis (MD&A) is management's assessment of the results and financial condition of CANEX Metals Inc. ("CANEX Metals" or "the Company") and should be read in conjunction with the Unaudited Condensed Interim Consolidated Financial Statements as at and for the three months ended December 31, 2022 ("Q1 2023") and related notes thereto as well as the Audited Consolidated Financial Statements for the year ended September 30, 2022 and related notes thereto. The date of this MD&A is February 10, 2023. CANEX Metals common shares trade on the TSX Venture Exchange under the symbol "CANX". The Company's most recent filings are available on the System for Electronic Document Analysis and Retrieval ('SEDAR") and can be accessed at www.sedar.com.

The Company's Unaudited Condensed Interim Consolidated Financial Statements for the three months ended December 31, 2022, have been prepared in accordance with IAS 34 "Interim Financial Reporting" and the IFRS accounting policies adopted in the Annual Consolidated Financial Statements as at and for the year ended September 30, 2022. The Company has consistently applied the same accounting policies throughout all periods presented. The Company's accounting policies are provided in Note 3 "Significant accounting policies" to the annual Consolidated Financial Statements as at September 30, 2022. All dollar amounts are in Canadian dollars unless otherwise noted.

The "Qualified Person(s) under the guidelines of National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101") for CANEX Metals exploration projects in the following discussion and analysis is Dr. Shane Ebert, P. Geo., a Professional Geologist, registered in the Province of British Columbia and the President and Director of CANEX Metals. The scientific and technical information concerning such properties contained herein has been reviewed by Dr. Ebert.

Statements and/or financial forecasts that are unaudited and not historical, including without limitation, exploration budgets, data regarding potential mineralization, exploration results and plans and objectives, are to be regarded as forward-looking statements that are subject to risks and uncertainties that can cause actual results to differ materially from those anticipated. Such risks and uncertainties include risks related to the Company's business including, but not limited to general market and economic conditions, continued industry and public acceptance, regulatory compliance, potential liability claims, additional capital requirements and uncertainty of obtaining additional financing and dependence on key personnel. Actual exploration and administrative expenditures can differ from budget due to unforeseen circumstances, changes in the marketplace that will cause suppliers' prices to change, and additional findings that will dictate that the exploration plan be altered to result in more or less work than was originally planned.

All forward-looking information is stated as of the effective date of this document and is subject to change after this date. There can be no assurance that forward-looking information will prove to be accurate and future events and actual results could differ materially from those anticipated.

1) Principal Business of the Company

CANEX Metals, including its wholly owned subsidiary, Canexco Inc. ("Canexco"), is engaged exclusively in the business of mineral exploration and development and, as the Company have no mining operations and no earnings there from, is in the exploration stage. The recoverability of the amounts comprising exploration and evaluation assets is dependent upon the existence of economically recoverable mineral reserves; the acquisition and maintenance of appropriate permits, licenses and rights; the ability of the Company to obtain financing to complete the development of the mineral properties where necessary and upon future profitable production; or, alternatively, upon the Company's ability to recover its costs through a disposition of its interests. The Company's philosophy is to acquire projects at the grass roots level and advance them to a point where partners can be brought in to further the properties to the stage where a mine is commercially feasible, or the property can be sold outright.

The Company has no operating income and no earnings; exploration and operating activities are financed by the sale of common shares and warrants. None of the Company's mineral properties are in production. Consequently, the Company's net income is a limiting indicator of its performance and potential.

2) Highlights – Three months ended December 31, 2022

- The fourth drill program on the Gold Range project was conducted from May to mid-July 2022, The results from this program have further expanded known mineralized zones at the Eldorado, Excelsior, and Central Zones, and a new discovery at the Shaft zone has been made. Highlights to December 31, 2022 include:
  - 1.4 g/t over 6.1 metres - Hole GR22-97 New Zone East of Excelsior (press release 2022-12-12)
  - 0.5 g/t over 18.29 metres - Hole GR22-8 6 Excelsior zone (press release 2022-09-6)
  - 0.7 g/t gold over 9.15 metres and 0.6 g/t gold over 18.29 metres, for a cumulative mineralized interval of 27.44 metres grading 0.6 g/t gold – Hole GR22-91 Central zone (press release 2022-09-06)
  - 1.1 g/t gold over 27.4 – Hole GR22-110 Shaft zone (press release 2023-01-23)
- An amended exploration permit for Gold Range was received in September 2022 allowing the Company to construct up to 40 additional drill pads on federal lands.
- Surface exploration conducted during Q4 2022 has identified a new gold in soil anomaly (WestGold target) that is 400 metres long, over 125 metres wide, and remains open along strike, with gold in soil values ranging from 122 to 612 parts per billion.
- The Company's first drill test of the Shaft Target in the northern part of the Gold Range Property has resulted in the discovery of a new and potentially significant zone of gold mineralization with hole GR22-110 returning 1.1 g/t gold over 27.44 metres including 1.7 g/t over 15.24 metres.

Gold Range Property, Arizona, USA

- The Gold Range Property is in Northern Arizona within an area that has seen historic lode and placer gold production but limited modern gold exploration. Since assembling the Gold Range property as a grass roots exploration target, the Company has conducted extensive surface mapping, flown a drone magnetic survey, collected over 880 surface rock samples, over 3,350 surface soil samples, staked 228 claims, conducted positive bottle roll metallurgical test work, and drilled 12,249 metres in 144 holes. Ongoing surface exploration is adding to the Company's understanding of existing targets and continually identifying new ones which will be systematically advanced, prioritized and drill tested.

  Exploration programs, including surface sampling, mapping and drill testing, conducted during fiscal 2022 and Q1 2023 have identified multiple large gold exploration targets in the 3-kilometre-long mineralized corridor stretching from the Eldorado to the Excelsior Zones as well as the new Shaft and WestGold targets. The Eldorado to Excelsior Zones corridor hosts structurally controlled high grade and bulk tonnage style gold mineralization and initial drill testing has returned multiple intercepts of oxide gold mineralization starting at surface.

  The fourth drill program, which began during Q3 2022, was paused during Q4 2022, while the Company waited to receive an amended permit from the BLM. That exploration permit was received August 10, 2022, allowing the Company to construct an additional 40 drill pads. With receipt of the amended permit and new exploration data in hand, planning is underway to resume drilling which will focus on systematically testing the larger scale potential of the main mineralized district scale structures at Gold Range, including the Eldorado to Excelsior trend, and the Central, Shaft, and West Gold zones.

Results from the Summer 2022 surface exploration program identified a new gold in soil anomaly (‘WestGold target”) (NR22-11 dated November 22, 2022). During Q1 2023 the Company conducted a one-week field program focused on delineating the WestGold soil anomaly and mapping and sampling the Never Get Left Prospect (see below) in preparation for permitting and drilling the newly identified target areas. Fieldwork completed on at the WestGold target has defined a new 500-metre-long shallow dipping zone of quartz veining in granite directly associated with a gold in soil anomaly. The zone remains open along strike and evidence for additional parallel mineralized zones is indicated, providing a new and compelling drill target.

- On October 24, 2022, the Company acquired one mineral property mining lode claim (Never Get Left Prospect) (16.52 acres) for total consideration of US$20,000 ($27,444), situated in Mohave County, Arizona, adjacent to the existing Gold Range Property. As well, early in Q2 2023 an additional 17 claims were staked. (Section 3 “Mineral properties, Gold Range Property, Arizona, USA).

- On November 11, 2022, the Company issued 1,000,000 common shares valued at $112,500 in accordance with the Excelsior Property option agreement, signifying the beginning of Stage 2 obligations and Stage 1 25% earn in. (Section 7 d) “Contractual obligations”)

- On February 7, 2023, the Company made a US$20,000 ($27,304) option payment in respect of the Never Get Left Claim in accordance with the terms of the option agreement. For more information, refer to Section 3) “Mineral properties – Gold Range, Arizona, USA” outlined below.

- Key exploration events at Gold Range include:
    - Option agreement signed on 3 key claims over a new gold discovery – June 2019
    - CANEX stakes 11 claims surrounding the new gold discovery – June 2019
    - CANEX stakes 23 additional claims – October 2019
    - Trenching and Drilling permits received – October 2019
    - Trenching and mapping program conducted – October 2019
    - CANEX stakes 32 additional claims – November 2019
    - Drone airborne magnetic survey results received – January 2020
    - CANEX stakes 73 additional claims – January 2020
    - Amended exploration permit received – February 2020
    - CANEX options Never Get Left Claim – February 2020
    - Field mapping, prospecting, and soil sampling conducted – Feb to May 2020
    - Field mapping and soil sampling conducted – July to August 2020
    - Drill program conducted – August to September 2020
    - CANEX stakes 47 additional claims – November 2020
    - Second drill program conducted – January 28 to March 1, 2021
    - Results from the second drill program released – April 15 to July 6, 2021
    - Excelsior Mine Property definitive option agreement signed – June 2, 2021
    - Results from metallurgical bottle roll testing – September 8, 2021
    - Third drill program conducted – September, 2021 – March, 2022
    - Results from surface sampling and mapping – March, 2022
    - Results from the third drill program – December, 2021 to June, 2022
    - Fourth drill program conducted – Commencing May, 2022 – paused as of mid-July 2022
    - Acquisition of “Never Get Left Prospect” claim – October 24, 2022
    - Results from surface sampling conducted during Q4 2022 – November 22, 2022
    - Results from fourth drill program released – December, 2022 to January 2023
    - Preliminary surface sampling and mapping of the WestGold target – December 2022
    - CANEX stakes 17 additional claims – January 2023
    - Surface exploration program, Shaft and WestGold targets – January 2023

Gibson Prospect, British Columbia

- During the year ended September 30, 2021, the Company determined that further exploration on this property, which it acquired under option, would no longer be a priority unless a third-party partner could be found to further advance the exploration program; however, the Company continues to hold claims which expire in January 2029. Accordingly, the Company recorded an impairment of the full amount of exploration expenditures to September 30, 2021. In November 2022, the Company received a further extension to meet its minimum exploration expenditures to August 30, 2023. All other terms of the option agreement remain unchanged. For more information, refer to Section 7 a) “Contractual obligations” below.

The Company continues to actively search for new early-stage exploration opportunities and avenues for growth in stable jurisdictions within North America. The Company has not entered into any business combination, acquisition or similar agreements except as noted below in Section 3) “Mineral Properties”.

3) Mineral Properties

Gold Range Property, Arizona, USA

As at December 31, 2022 the Company holds 244 lode mining claims and 2 patented claims (1,504 hectares) in respect of the Gold Range Property, including acquisitions via the option agreements noted below as well as staking. The area has seen historic lode and placer gold production but limited systematic modern lode gold exploration. The gross costs and impairments recorded to the Gold Range Property at December 31, 2022 are $4,091,710 and $nil, respectively (September 30, 2022 - $3,913,041 and $nil).

On June 11, 2019, the Company’s wholly owned subsidiary, Canexco Inc., entered into an Option Agreement to acquire a 100% interest in the Gold Range Property, Arizona, USA from a Prospector, the “Optionor”. The Gold Range Property, under option, is comprised of three staked lode mineral claims with a total area of 61.98 acres and is in Mohave County, Arizona, USA. Since the acquisition through the option agreement, the Company has continued to stake additional lode mining claims increasing its holdings to 192 mining lode claims (1,415 hectares) covering prospective ground surrounding the area of interest optioned. The area has seen historic lode and placer gold production but limited modern lode gold exploration.

Under the terms of the agreement, the Company is committed to make options payments and minimum exploration expenditures totaling US$90,000 and US$80,000 over four years, respectively. On June 11, 2019, the Company paid US$10,000 ($13,405), on June 6, 2020, the Company paid US$15,000 ($20,306), on June 1, 2021, the Company paid US$15,000 ($18,423) and on June 2, 2022, the Company paid US$20,000 ($25,536) in accordance with the agreement. The Company met its minimum exploration expenditure commitment during the year ended September 30, 2020. In addition, the Optionor will retain a 2% NSR, half of which can be bought back by the Company for US$500,000; the remaining half can be bought back for US$1,000,000. Refer to Section 7) b) “Contractual obligations” for the remaining commitments under the terms of the agreement at December 31, 2022.

On February 24, 2020, the Company’s wholly owned subsidiary, Canexco Inc., entered into an arm’s length Option Agreement to acquire a 100% interest in the Never Get Left Claim, Mohave County, Arizona, USA from Onyx Exploration Inc., the “Optionor”, which is adjacent to the Company’s Pit Zone target on the Gold Range Property. The Never Get Left Claim, under option, is comprised of one staked lode mineral claims with a total area of 20.99 acres and is located in Mohave County, Arizona, USA.

Under the terms of the agreement, the Company is committed to make option payments totaling US$90,000 over four years. On February 24, 2020, the Company paid US$10,000 ($13,397) on February 18, 2021, the Company paid US$15,000 ($19,063) and on February 10, 2022, the Company paid US$15,000 ($18,993), in accordance with the agreement. In addition, the Optionor will retain a 2% NSR, half of which can be bought back by the Company for US$500,000; the remaining half can be bought back for US$500,000. Additionally, the Company must pay 10% of any profits realized from the processing and recovery of metals from the existing leach pad materials located within the Optionor's claim. Refer to Section 7) c) "Contractual obligations" for the remaining commitments under the terms of the agreement at December 31, 2022.

On January 12, 2021, the Company and its wholly owned subsidiary, Canexco Inc., signed a Letter of Intent ("LOI") allowing the Company to earn into the Excelsior Mine Property ("the Property") from a private vendor over 3 stages. The definitive agreement was signed on June 2, 2021 and received TSX-V approval on June 17, 2021. During Stage 1, CANEX can earn a 25% interest in the Property by issuing 750,000 common shares of CANEX and spending US$500,000 on exploration. During Stage 2, CANEX can earn 51% interest in the Property by issuing 1 million shares of CANEX, spending US$2,000,000 and paying a bonus payment equivalent to 1% of the gold price on recoverable gold equivalent ounces defined in the measured and indicated resource categories. Stages 1 and 2 must be completed by May 25, 2024. On June 25, 2021, the Company issued 750,000 common shares valued at $84,375, in accordance with the agreement. On November 11, 2022, the Company issued 1,000,000 common shares valued at $112,500 in accordance with the agreement, signifying the beginning of Stage 2 obligations and 25% earn in. As well, on November 11, 2022, the agreement was amended to extend the Stage 2 termination date by 10 months, from July 25, 2023 to May 25, 2024. Both the Company and the vendor agreed that an extension was warranted due to industry wide delays in exploration services, permitting, and assay result turnaround times. All other terms of the agreement remain unchanged.

During Stage 3 CANEX can earn a 90% interest in the Property by issuing 1,000,000 CANEX shares and spending US$2,000,000 on exploration and development including an economic study. To complete the Stage 3 earn in, CANEX must make another bonus payment to the Vendors equivalent to 1.5% of the gold price on recoverable gold equivalent ounces defined in the proven and probable reserve categories.

CANEX has 2 years to complete the Stage 3 earn in once Stage 2 is complete. Once CANEX has earned a 90% interest in the Property, the Vendors can elect to maintain their 10% ownership by contributing their 10% share to exploration and development or to give up 100% ownership to CANEX and revert to a 1.5% NSR.

Refer to Section 7) d) "Contractual obligations" for the remaining commitments under the terms of the agreement at December 31, 2022.

CANEX first became interested in the Gold Range property in 2019, following the discovery of a quartz vein containing abundant visible gold by a local prospector. This area is termed the Discovery Zone, and subsequent work by CANEX has demonstrated that soil sampling is an effective tool for identifying these covered gold zones, with a test soil line over the Discovery Zone returning up to 838 parts per billion gold in proximity to the discovery. CANEX conducted soil sampling, mapping, and surface chip sampling around the Discovery Zone defining a 1000-metre-long linear trend of historic workings and exposed quartz veins centered around the Adit zone. During Q4 2019, the Company submitted a reclamation bond of US$20,450, for its proposed exploration program. Permitting for trenching and drilling activities was received in October 2019. The Company commenced an excavator trenching, surface rock and soil sampling and geologic mapping program during Q1 2020. This program was subsequently followed up by a property wide airborne magnetic survey, additional trenching and drilling.

An amended exploration permit was received in February 2020, and a surface exploration program was initiated in March 2020. This program was ended prior to completion to comply with health and travel advisories related to the Corona virus pandemic. However, during Q3 2020, the Company engaged a local contractor to complete a seven-day field program of soil sampling. Results for 303 soil samples and one rock sample from the Central zone are reported in News Release 20-13 dated April 27, 2020. Results related to the February and March field programs are reported in News Release 20-14 dated May 11, 2020. Additional results related to the May field program are reported in News Release 20-17 dated June 29, 2020.

On July 2, 2020, the Company resumed surface exploration and mapping activities focusing on expanding existing zones and discovering new zones of gold mineralization. Multiple new gold exploration targets were identified and prepared for testing. Over 100 rock samples and 214 soil samples were collected from these targets and submitted for assay, the results of which were disclosed in News Release 20-19 dated September 10, 2020, and News-Release 20-20 dated September 29, 2020.

The maiden drill program on the property began on August 25, 2020. Equipment limitations forced early termination of the drill program with 88 percent of the planned drilling being completed. This program resulted in a new bulk tonnage target being identified at the Eldorado zone highlighted by hole GR20-9 which returned 0.9 g/t gold over 27.4 metres from surface. Results from this program were released in News Releases 20-20, 20-21 and 20-22 dated October 7, 2020, November 2, 2020, and November 16, 2020. Based on these results, the Company planned and completed a second drill program.

The second drill program was conducted between January 28, 2021, and March 1, 2021, and consisted of 34 drill holes across 2.5 kilometres of strike length along the southern portion of the Gold Range Property. In total, 2357.6 metres were drilled in holes ranging from 38 to 192 meters deep. 1642 drill samples were collected and submitted for assay. Fifteen holes were drilled at the Eldorado Zone to test and expand the Company's previously announced bulk tonnage oxide discovery, 5 holes tested various targets across the southern part of the property and 14 holes tested the Excelsior Mine area. Refer to News Releases 21-5 dated January 28, 2021, 21-6 dated March 1, 2021, 21-7 dated April 15, 2021, 21-8 dated April 26, 2021, 21-9 dated May 27, 2021, 21-11 dated June 7, 2021, 21-12 dated June 14, 2021, 21-13 dated June 28, 2021, and 21-14 dated July 6, 2021 for more information regarding the drill program and results.

Additional metallurgical test work was conducted on 8 bottle roll samples achieving final cyanide soluble gold recoveries ranging from 94 to 99%, averaging 97%. The test work showed rapid leach kinetics with the majority of gold extracted with the first 6 hours, and maximum extraction almost complete within 24 hours. As well, sodium cyanide and lime consumption are well with acceptable levels and the overall results indicate Gold Range gold mineralization is well suited for heap leach recovery. These exceptional recoveries throughout the mineralized zone, demonstrate that the system could be amenable to heap leach processing and significantly de-risk the bulk tonnage heap-leach concept at Gold Range. For more information relating to these test results, refer to News Release 21-16 dated September 8, 2021.

During Q4, 2021 the Company conducted a field program including additional geologic mapping, collecting soil samples and construction of drill pads in preparation for the third drilling program, which commenced in September 2021. The third drilling program was completed during Q2 2022. A total of 48 holes were drilled for 5,382 metres (17,657 feet) exceeding the planned target of 5,000 metres. This program initially focused on the Excelsior Zone; and was then extended to the Eldorado and Malco zones, testing a large portion of the 3-kilometre-long mineralized corridor from Eldorado to Excelsior. Additional targets in the northern part of the property were also drill tested during this program. For more detailed information regarding the third drill program, refer to News Releases NR 21-18 dated December 16, 2021, NR 22-1 dated January 13, 2022, NR 22-2 dated February 10, 2022, NR 22-4 dated March 21, 2022, NR22-8 dated June 13, 2022, NR 22-9 dated June 27, 2022 and NR 22-10 dated September 6, 2022. Results from 670 soil samples and 42 rock samples were received and released during Q2 2022 (News Release 22-3, dated March 9, 2022); and combined with geologic mapping have added new exploration targets, and increased the main exploration target extending from Eldorado-Malco-Excelsior to 3.2 kilometres long by 500 metres wide. Additionally, 40 new claims were staked to cover an additional 2 kilometres of projected strike length extending northeast of the Excelsior mineralized trend under basin cover.

The fourth drill program, which began during Q3 2022, was paused during Q4 2022, while the Company waited to receive an amended permit from the BLM, allowing the Company to construct and additional 40 drill pads. Assay results on the 18 completed drill holes (3,027 metres) were also pending. The permit amendment was received August 10, 2022 and the outstanding drill results from the program were received during Q1 and Q2 2023 (NR22-12 dated December 12, 2022 and NR23-1 dated January 23, 2023). With receipt of the amended permit and assay results, planning is underway to resume the drill program. The amended permit will allow CANEX to systematically test the larger scale potential of the main mineralized district scale structure at Gold Range, which shows potential to contain multiple parallel mineralized zones across a 500 metre width. The planned reverse circulation drilling program, which will commence during Q2 2023, is expected to exceed 5000 metres of drilling; starting with Excelsior, and then testing priority targets at Malco, Eldorado and the northern part of the claim block. As at December 31, 2022, the Company has drilled at total of 144 holes, for a total of 12,249 metres.

In late 2022, the Company purchased a 100% interest in a lode mining claim (“Never Get Left Prospect)” (16.52 acres) from an unrelated third party for US$20,000 ($27,444), situated in Mohave County, Arizona adjacent to the existing Gold Range Property. The Never Get Left Prospect, known to have zones of high-grade gold mineralization, was a small-scale gold producer that operated between 1901 to 1911 with multiple workings and about 335 metres (1100 feet) of underground developments. It is situated directly adjacent to the “new gold in soil anomaly” (‘WestGold target”) identified during the Summer 2022 surface exploration program (NR22-11dated November 22, 2022). Total gold production remains undocumented. Additionally, during Q1 2023, the Company conducted a one-week field program focused on delineating the WestGold soil anomaly and mapping and sampling the Never Get Left Prospect in preparation for permitting and drilling the newly identified target areas. Fieldwork completed on at the WestGold target has defined a new 500-metre-long shallow dipping zone of quartz veining in granite directly associated with a gold in soil anomaly. The zone remains open along strike and evidence for additional parallel mineralized zones is indicated, providing a new and compelling drill target.

In early 2023, the Company received and released the remaining results from 11 holes drilled during the fourth drill program and conducted another surface exploration program to further define the Shaft and WestGold targets in preparation for drill testing (NR23-1 dated January 23, 2023).

Gibson Prospect, British Columbia

On April 4, 2017, the Company announced it had signed a Letter of intent to acquire a 100% interest in the Gibson property from Altius Resources Inc. ("Altius"). Gibson is 887 Ha in size and located in central British Columbia, approximately 95 kilometres northwest of Fort St. James. The purchase agreement was executed on May 12, 2017 and received Exchange approval on May 17, 2017. The Company also assumed the obligations of an underlying option agreement with Steven Scott. The gross costs and impairments recorded to the Gibson Prospect as at December 31, 2022 are $473,527 and $473,527 respectively (September 30, 2022 - $473,527 and $473,527).

During the year ended September 30, 2021, the Company determined that further exploration on this property would no longer be a priority unless a third-party partner could be found to further advance the exploration program; however, the Company continues to hold claims which expire in January 2029. Accordingly, the Company recorded an impairment of the full amount of exploration expenditures to September 30, 2021. In November 2022, the Company received a further extension to meet its minimum exploration expenditures of $500,000 to August 30, 2023. All other terms of the option agreement remain unchanged. Refer to Section 7) a) “Contractual obligations” for further information.

4) Operating Results

Three months ended December 31, 2022, compared to three months ended December 31, 2021:

A summarized statement of operations appears below to assist in the discussion that follows:

Three months ended December 31		**2022**		**2021**
General and administrative	**$**	**(60,228)**	$	(88,886)
Reporting to shareholders		**(4,095)**		(4,289)
Professional fees		**(10,282)**		(7,450)
Stock exchange and transfer agent fees		**(2,174)**		(2,142)
Depreciation		**-**		(30)
Dividend income		**-**		231,232
Interest and other		**6,839**		(4,461)
Income from investments		**-**		63,685
Net and comprehensive income	**$**	**(69,940)**	$	187,659

The most significant changes in other expenditures follow:

- Variances in general and administrative expenditures and professional fees are examined in further detail in the chart below.
- Reporting to shareholders' expenditures during the three-month periods ended December 31, 2022 and December 31, 2021, include expenditures for filing the fiscal 2022 and 2021 annual audited financial statements respectively. There is no significant variation between the current and comparative periods.
- Stock exchange and transfer agent fees relate directly to the number of security exchange transactions during the periods. There is no significant change between the current and comparative periods.
- On October 22, 2021, Spruce Ridge declared a dividend in-kind of common shares of Canada Nickel that was payable on or before November 5, 2021. The dividend was paid on October 29, 2021, to shareholders of Spruce Ridge at the close of business on October 29, 2021, the record date. One Canada Nickel share was paid under the dividend declared for every 71.14 Spruce Ridge shares held. At October 29, 2021, the Company held 5,633,500 Spruce Ridge shares. As a result, the Company received a dividend of 79,189 Canada Nickel shares at $2.92 per share valued on October 29, 2021, for a total value of $231,232. There was no similar transaction during the current three-month period.
- Interest and other income include interest earned from a cash operating and high interest accounts, management fees and foreign exchange gains and losses. During Q1 2023, the Company earned $8,495 of interest on its operating account balances, due to higher balances being maintained as well as higher interest rates during the period. The Company also incurred a foreign exchange loss of $1,895 during the current period. During the comparative three-month period, the Company recognized a foreign exchange loss of $4,637 and earned nominal interest on it operating account balances due to lower interest rates during the period.
- During the three-month period ended December 31, 2021, the Company recognized a net gain of $63,685 on its short-term investments, including a net realized gain of $7,350 on the sale of certain short-term investments and net cash proceeds of $238,600. Refer to Note 7 "Short-term investments" to the Unaudited Condensed Interim Consolidated Financial Statements for the three-month period ended December 31, 2022, which accompany this document, for further information regarding these transactions. The remainder of the gains or losses in each respective period result from adjusting the Company's holdings in common shares to fair value at the respective period ends. These market price changes result in significant valuation adjustments from period to period.

The variances in General and administrative expenses and Professional fees are discussed below.

General and administrative expenses

Three months ended December 31		**2022**		**2021**
Administrative consulting fees	**$**	**39,829**	$	42,814
Occupancy costs		**4,697**		4,697
Office, secretarial and supplies		**8,799**		13,018
Travel and promotion		**288**		23,590
Insurance		**3,938**		3,079
Directors' fees		**1,500**		1,000
Computer network and website maintenance		**1,177**		688
Total	**$**	**60,228**	$	88,886

- Administrative consulting fees, which consist of fees for the CFO, the controller, geological consulting, and services provided by other consultants, have decreased by $2,985 between the current three-month period and the comparative three-month period. They include geological consulting fees of $7,350 (December 31, 2021 - $9,625), fees to the CFO of $300 (December 31, 2021 - $nil), fees to the controller of $9,329 (December 31, 2021 - $10,689) and fees to other consultants of $22,850 (December 31, 2021 - $22,500). Current and comparative period geological consulting and other consulting fees primarily relate to managing investor relations and marketing to secure corporate financing.
- There is no significant variance between the current and comparative periods for occupancy costs. On August 1, 2020, the Company entered into a new lease agreement, terminating on August 31, 2021. Since the termination of the lease agreement, the Company has continued to pay rent on a monthly basis at the same rate as incurred under the lease.
- There is decrease of $4,219 in office, secretarial and supplies between the current and comparative quarters. The majority of the variance relates to a decrease in expenditures for office supplies, contract fees for administrative services and interest and bank charges of $190 (Q1 2022 – $1,505), $7,320 (Q1 2022 – $8,940) and $1,007 (Q1 2022 - $2,253) for each respective expenditure category. The change is consistent with the activities and expenditures incurred during the respective periods.
- Travel and promotional expenditures have decreased by $23,302 between the current three-month period and the comparative three-month period in accordance with the 2023 budget. Q1 2023 includes nominal expenditures for meals and entertainment. Q1 2022 includes expenditures of $12,600 for investor and lead generation subscriptions as well as $10,805 for a virtual conference presentation to potential investors that was held during that period and nominal amounts for meals and entertainment. Similar expenditures were not incurred during the current three-month period.
- Insurance premiums related to Directors and Officers liability expenditures have increased by $859 reflecting increases in insurance rates that incurred upon renewal of insurance policies.
- The Company compensates directors who are not officers of the Company $500 for meeting attendance in person or by telephone. As at December 31, 2022, there are three directors who are not officers (December 31, 2021 – two directors) and the amounts above reflect directors' fee paid or payable for meetings attended during the above-noted periods.
- There is no significant variance between current and comparative periods for computer network and website maintenance fees. These expenditures include website hosting fees, internet fees, software subscriptions and other computer related expenditures.

Professional fees

Three months ended December 31		**2022**		**2021**
Audit and accounting	**$**	**8,505**	$	4,957
Legal and filing fees		**1,777**		2,493
Total	**$**	**10,282**	$	7,450

- Professional fees consist of annual auditing fees plus legal and other filing fees. Q1 2023 and Q1 2022 audit and accounting fees relate to the audited financial statements and preparation and filing US tax returns for Canexco, for the year ended September 30, 2022, and 2021 respectively. Legal and filing fees incurred in Q1 2023 include $260 (Q1 2022 - $825) for miscellaneous legal consultations and audit support; the remainder relate to news releases during the current and comparative periods.

5) Liquidity and Capital Resources

The Company's working capital position on December 31, 2022 was $1,579,903 (September 30, 2022 - $1,717,734), a net decrease of $137,831. Changes to working capital and cash flow in the current and comparative periods are discussed below:

- The current period operating expenditures resulted in a cash outflow of $92,668 (Q1 2022 - $99,909). Cash paid to suppliers and contractors is lower by $7,241 than the comparative period and is consistent with factors as described in Section 4) "Operating results".
- Interest and other income received resulting in a net cash inflow of $6,839 (Q1 2022 – net cash outflow of $4,461) during the current period. The increase in cash flow is primarily the result of increased interest rates and higher balances held in the Company's bank accounts and smaller foreign exchange losses during the current period. The Company incurred higher foreign exchange losses and nominal interest earned during the comparative period.
- An increase in the fair market value of the short-term investments from September 30, 2021 to December 31, 2021 resulted in a net gain of $56,335 and increase in working capital (Q1 2021 – net gain of $279,167). There was no change during the three-month period ended December 31, 2022.
- During the three-month period ended December 31, 2021, the Company disposed of 79,189 Canada Nickel common shares resulting in a net realized gain of $7,350 and net cash proceeds of $238,582. See Note 7 – "Short-term investments" of the Unaudited Condensed Interim Consolidated Financial Statements dated December 31, 2022, for more information There were no similar transactions during the three-month period ended December 31, 2022.
- During the three-month period ended December 31, 2022, the Company invested $100,272 in exploration and evaluation assets (December 31, 2021 - $378,376), all of which relate to the Gold Range property in Arizona, USA. Refer to Note 8 – "Exploration and evaluation assets" of the Unaudited Condensed Interim Consolidated Financial Statements dated December 31, 2022, which accompany this document and Section 3) "Mineral Properties" for more information.
- The Company issued 1,000,000 common shares valued at $112,500 related to mineral property acquisitions and incurred share issuance costs of $1,722 during the three-month period ended December 31, 2022. There were no financing activities during the three-month period ended December 31, 2021. Refer to Note 8 – "Exploration and evaluation assets" of the Unaudited Condensed Interim Consolidated Financial Statements dated December 31, 2022, which accompany this document and Section 3) "Mineral Properties" for more information.

The Company is continually investigating financing options. The continuing operations of the Company are dependent upon its ability to obtain adequate financing or to commence profitable operations in the future. The Company feels that it has sufficient working capital to finance general and administration and other operating expenses for 12 months assuming similar activity levels to the previous 12-month period. However, increases in activity levels, new property acquisitions and increased levels of exploration on its mineral properties will require additional financing. There can be no assurance that the Company will be successful in obtaining financing. Refer to Note 1 "Nature and continuance of operations" in the Condensed Interim Consolidated Financial Statements dated December 31, 2022.

6) Financing

Three-month period ended December 31, 2022

On November 11, 2022, the Company issued 1,000,000 common shares valued at $112,500 pursuant to an option agreement on the Gold Range property. The share issuance price was valued in accordance with the agreement. See Section 3) "Mineral properties – Gold Range Property, Arizona, USA" for more information.

Year ended September 30, 2022

On April 29, 2022, 500,000 warrants exercisable at $0.08 per share, expiring June 6, 2022, were exercised for total proceeds of $40,000.

On May 27, 2022, the Company closed a non-brokered private placement financing of 19,230,927 units ("Common Units") at a price of $0.13 per Common Unit for gross proceeds of $2,500,021. Each Common Unit consists of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant will entitle the holder to purchase one common share at a price of $0.18 per share for a period to two years, May 27, 2024. After a 6-month non-callable period, the warrants will be subject to acceleration at the Company's discretion if at any time the Company's 20-day volume weighted average share price trades above $0.25.

On May 30, 2022, 133,330 warrants exercisable at $0.08 per share, expiring June 6, 2022, were exercised for total proceeds of $10,666.

On June 2, 2022, 133,330 warrants exercisable at $0.08 per share, expiring June 6, 2022, were exercised, and 13,416 warrants exercisable at $0.05 per share, expiring June 6, 2022, were exercised for total proceeds of $11,338.

On June 3, 2022, 633,330 warrants exercisable at $0.08 per share, expiring June 6, 2022, were exercised for total proceeds of $50,666.

On June 29, 2022, 400,000 options exercisable at $0.06 per share, expiring July 6, 2022, were exercised for total proceeds of $24,000.

7) Contractual Obligations

a) On April 4, 2017, the Company announced it had signed a Letter of intent to acquire a 100% interest in the Gibson property from Altius Resources Inc. ("Altius"). Gibson is 887 Ha in size and located in central British Columbia, approximately 95 kilometres northwest of Fort St. James. The purchase agreement was executed on May 12, 2017 and received Exchange approval on May 17, 2017. The Company also assumed the obligations of an underlying option agreement with Steven Scott.

The remaining commitments of the agreement are as follows:

	Altius	
	Share issues	Minimum Exploration Expenditures*
		($)
Expenditure commitment, on or before August 30, 2023	-	500,000
Following the completion of the Expenditure Commitment	1,240,000	-
Total remaining commitment	1,240,000	500,000

* - as at December 31, 2022, the Company has incurred exploration expenditures of $293,500

In addition, Altius will retain a right to purchase an underlying 1.5% Net Smelter Royalty ("NSR") and preferential rights on any future royalties or streams granted on the Property. If the Company achieves measured and indicated mineral resources in excess of 1 million gold equivalent ounces, a Milestone Payment of 1,275,000 shares will be issued to Altius. Altius will have a pro rata right to participate in future equity financings of the Company for two years.

Pursuant to the Underlying Agreement, Steven Scott is also entitled to the additional milestone bonuses of 1) $25,000 in cash or securities upon a Bankable Feasibility Study; and 2) $50,000 in cash or securities upon Commercial Production.

On November 12, 2018, the Company was granted an extension to meet its minimum exploration expenditures of $500,000 by November 12, 2018, to July 15, 2019, as lack of access during 2018, in part, prevented the Company from completing the required expenditures within the allotted time. The Company was subsequently granted further extensions to meet its minimum exploration expenditures of $500,000. The agreement has been amended to allow the Company to meet minimum exploration expenditures by August 30, 2023. All other terms of the agreement remain unchanged.

b) On June 11, 2019, the Company’s wholly owned subsidiary, Canexco Inc., entered into an Option Agreement to acquire a 100% interest in the Gold Range Property, Arizona, USA from a Prospector, the “Optionor” Under the terms of the Agreement, the Company is committed to the following cash payments and minimum exploration expenditures:

	Option payments
Due date	**US$**
June 11, 2023	30,000

The committed option payments and exploration expenditures of US$30,000 would equate to $40,632 using the December 30, 2022 Bank of Canada exchange rate. An increase or decrease of 10% to the exchange rate would result in an increase or decrease in required option payments CDN$4,063.

c) On February 24, 2020, the Company's wholly owned subsidiary, Canexco Inc., entered into an arm's length Option Agreement to acquire a 100% interest in the Never Get Left Claim, Mohave County, Arizona, USA from Onyx Exploration Inc.

As at December 31, 2022, under the terms of the Agreement, the Company is committed to the following cash payments:

Due date	**Option Payments US$**
February 24, 2023	20,000
February 24, 2024	30,000
Total committed cash payments and minimum exploration expenditures	50,000

The remaining committed option payments of US$50,000 would equate to $67,720, using the December 30, 2022 Bank of Canada exchange rate. An increase or decrease of 10% to the exchange rate would result in an increase or decrease in required option payments of $6,772.

d) On January 12, 2021, the Company and its wholly owned subsidiary, Canexco Inc., signed a Letter of Intent ("LOI") allowing the Company to earn into the Excelsior Mine Property ("the Property") from a private vendor over 3 stages. Stages 1 and 2 must be completed over 2.5 years. To complete the Stage 2 earn in, CANEX must make a bonus payment equivalent to 1.0% on recoverable gold equivalent ounces defined in the measured and indicated resource categories. To complete the Stage 3 earn in, CANEX must make another bonus payment to the Vendors equivalent to 1.5% of the gold price on recoverable gold equivalent ounces defined in the proven and probable reserve categories. CANEX has 2 years to complete the Stage 3 earn in once Stage 2 is complete. Once CANEX has earned a 90% interest in the Property, the Vendors can elect to maintain their 10% ownership by contributing their 10% share to exploration and development or to give up 100% ownership to CANEX and revert to a 1.5% NSR.

As at December 31 2022, under the terms of the Agreement, the Company is committed to the following share issuances and minimum exploration expenditures:

	Termination Date	**Option payments Common Shares**	**Minimum exploration expenditures (US$)**	**Earn in on completion of obligation (%)**
Stage 1		750,000	500,000	25
Stage 2	May 25, 2024	1,000,000	2,000,000	26
Stage 3	May 25, 2026	1,000,000	2,000,000	39
Total		2,750,000	4,500,000	90
Less obligations fulfilled to December 31, 2022		(1,750,000)	(1,517,630)	
Total remaining commitments to December 31, 2022		1,000,000	2,982,370	

The remaining committed minimum exploration expenditures of US$2,982,370 equate to $4,039,322 using the December 30, 2022 Bank of Canada exchange rate. An increase or decrease of 10% to the exchange rate would result in an increase or decrease in required option payments of $403,932.

8) Exploration Expenditures

Refer to Note 8 "Exploration and evaluation assets," in the Unaudited Condensed Interim Consolidated Financial Statements dated December 31, 2022.

9) Off-Balance Sheet Transactions

There are no off-balance sheet transactions to report.

10) Selected Quarterly Financial Information

The following selected financial data has been extracted from the Condensed Unaudited Interim Consolidated Financial Statements for the fiscal periods indicated and should be read in conjunction with those unaudited financial statements.

Three months ended	**Dec 31 2022 (Q1 2023)**	**Sep 30 2022 (Q4 2022)**	**Jun 30 2022 (Q3 2022)**	**Mar 31 2022 (Q2 2022)**	**Dec 31 2021 (Q1 2022)**	**Sep 30 2021 (Q4 2021)**	**Jun 30 2021 (Q3 2021)**	**Mar 31 2021 (Q2 2021)**
	$	$	$	$	$	$	$	$
Loss before impairment of exploration and evaluation assets	(76,779)	(77,361)	(454,007)	(79,063)	(102,797)	(170,212)	(87,924)	(131,615)
Impairment of exploration and evaluation assets	-	-	-	-	-	(473,527)	-	-
Loss before other items	(76,779)	(77,361)	(454,007)	(79,063)	(102,797)	(643,739)	(87,924)	(131,615)
Dividend income	-	-	-	-	231,232	-	-	-
Interest and other	6,839	6,284	4,893	(3,589)	(4,461)	9,264	(3,180)	(1,610)
Gain (loss) on short-term investments	-	28,167	(281,675)	(112,670)	63,685	(169,005)	(56,335)	84,503
Comprehensive profit (loss)	(69,940)	(42,910)	(730,789)	(195,322)	187,659	(803,480)	(147,439)	(48,722)
Basic and diluted earnings (loss) per share	0.00	0.00	(0.01)	0.00	0.00	(0.01)	0.00	0.00

Generally, the most significant influences on the variability of profit or loss are the amount of stock-based compensation, the amount of exploration and evaluation asset impairments or recoveries, and gains or losses on short-term investments. However, the increase in activity in the junior mining sector in recent years has also resulted in increased expenditures.

The Company's improved working capital position in recent periods has allowed the Company to expand its operations into fiscal 2020, 2021 and 2022 which is reflected above including expenditures for administrative consulting fees, office expenditures and travel and promotional activities as described in Section 4) "Operating results, General and administrative expenses". Q3 2022 and Q4 2021 loss before impairment of exploration and evaluation assets includes stock option compensation, a non-cash charge, of $139,038 and $74,749 respectively, granted to officers, directors, and consultants of the Company. Additionally, the most recent AGM was held in Q2 2022.

The timing of the impairments and gains on sale of the Company's Exploration and evaluation assets cannot be predicted in advance and will vary from one reporting period to the next. As a result, there may be dramatic changes in the financial results and balance sheet position reported by the Company on a period-by-period basis. Q4 2021 impairment is related to the Gibson Prospect mineral property of which the full amount of expenditures was impaired.

Interest and other reflect foreign exchange gains and losses incurred on a US dollar denominated bank account held by the Company to conduct its business in the United States.

The Company received common shares in four separate publicly traded Companies as partial consideration for the sale of mineral property interests in past years. Comprehensive Profit or Loss will fluctuate as the carrying value of these investments is adjusted to fair value at the respective period ends. In addition, on October 22, 2021 (Q1 2022), Spruce Ridge declared a dividend-in-kind of Canada Nickel common shares, based on the number of shares held on October 29, 2021, the record date, at a ratio of 1 CNC share to 71.14 Spruce Ridge shares. On October 29, 2021, the Company received 79,189 CNC shares valued at $2.92 per share for a total value of $231,232.

11) Directors and Officers

Shane Ebert	*Director and President*	Gregory Hanks	*Director*
Jean Pierre Jutras	*Director and Vice-President*	Chantelle Collins	*Chief Financial Officer*
Barbara O'Neill	*Corporate Secretary*	Lesley Hayes	*Director*
Blair Schultz	*Director*		

12) Related Party balances and transactions and key management remuneration

Related party transactions for Q1 2023 are disclosed and explained in Note 17 to the Unaudited Condensed Interim Consolidated Financial Statements for the three month-period ended December 31, 2022, which accompanies this MD&A.

13) Share capital and equity reserves

Refer to Note 12 to the financial statements and the Condensed Interim Statement of Changes in Equity for common share capital, stock option and warrant transactions during the three months ended December 31, 2022, and balances as at that date.

During the subsequent period from January 1, 2023, to February 10, 2023, the date of this report, there were no share capital, stock option or warrant transactions.

14) Financial instruments

The carrying value of financial assets and liabilities measured at amortized cost approximates fair value due to the short-term nature of the instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

The Company undertakes transactions denominated in US currency through its exploration in the US; consequently, it is exposed to exchange rate fluctuations. The Company will acquire US funds from time to time to settle US$ denominated liabilities. On December 31, 2022, the Company had US$3,294, ($4,462) in a US denominated bank account (September 30, 2022 - US$13,173, ($18,056)). The effect of a foreign currency increase or decrease of 10% on this cash holding would result in an increase or decrease of $446 (September 30, 2022 - $1,806). Additionally, on December 31, 2022, accounts payable and accrued liabilities include liabilities of US$290, ($393) (September 30, 2022 - US$32,829 ($44,999)), that must be settled in US$. The effect of a foreign currency increase of decrease of 10% on this liability would result in an increase or decrease of $39 (September 30, 2022 – CDN$4,500) to the amount payable.

15) Financial risk management

a) Credit risk

Credit risk is the risk of financial loss to the Company if counterparties to a financial instrument fail to meet their contractual obligations. The Company's financial instruments that could be subject to credit risk consist of receivables and government grant receivables. The Company has had a history of prompt receipt of its receivables and considers credit risk to be low on these instruments as at December 31, 2022 and September 30, 2022.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity risk is the utilization of budgets, to attempt to maintain sufficient liquidity in order to meet operational and exploration requirements, as well as property acquisition commitments. The Company raises capital through equity issues and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The Company is continually investigating financing options. The Company feels that it has sufficient working capital to finance general and administrative and other operating expenses for 12 months assuming similar activity levels to the previous 12-month period. Additional financing may be required to fund new property acquisitions and future exploration programs. Refer to Note 1 – "Nature of operations and continuance of operations" on the Unaudited Condensed Interim Consolidated Financial Statements, dated December 31, 2022.

c) Market risk

The Company's equity investments are subject to market price risk. The investments in common shares are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings. The price value of these investments can vary from period to period. During the three-month period ended December 31, 2022, the market price fluctuation on the investments held, resulted in a net gain of $nil (September 30, 2022 - net loss of $309,843) on short-term investments. In 2023, a 10% change in fair value of the Company's marketable investments would result in a charge to income of $30,984 (September 30, 2022 - $30,984).

The Company has not yet developed producing mineral interests and as a result it is not exposed to commodity price risk associated with developed properties at this time.

d) Interest rate risk

The Company has no debt facilities and has minimal amounts of interest income; it is not exposed to significant interest rate risk at this time. All market risk is associated with the Company's investments in common shares, which are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings.

e) Foreign exchange risk

The Company undertakes transactions denominated in US currency; consequently, it is exposed to exchange rate fluctuations. The Company has disclosed US$ commitments pertaining to three option agreements in Section 7) "Contractual obligations b), c), and d)". The Company undertakes transactions denominated in US currency, consequently it is exposed to exchange rate fluctuations. The effect of a foreign currency increase or decrease of 10% on the US denominated cash balance and liabilities has been disclosed in Section 14) “Financial instruments”.

16) Outlook

The Company’s primary objective is to discover mineral resources in economic quantities capable of supporting an operating mine. Should the Company discover such a promising property, it would likely attempt to ally with a more senior mining company that might option-in on the property or purchase the property outright, as the Company does not have expertise in operating a mine.

- During fiscal 2022, the Company’s treasury was increased by a number of different events including the sale of short-term investments, a private placement financing, the exercise of certain warrants and the exercise of certain options bringing in $238,500, $2,500,021, $112,670 and $24,000 in cash, respectively.

- The increase in the Company’s treasury, in addition to funding the Company’s working capital for general operations, has allowed the Company to implement an extensive drilling program on its Gold Range Property in Arizona, USA, that commenced in mid-September 2021 and was completed in March 2022. A fourth drill program which commenced during May 2022, was paused in July, 2022 for reasons outlined in Section 3) Mineral properties; however, it is expected to resume in February 2023. In upcoming periods, the Company is planning on following up recent discoveries and new target areas in addition to defining and expanding established zones of gold mineralization. New targets include the new Shaft discovery and the large WestGold target with field work including grid soils sampling, rock chip sampling, and detailed surface mapping. The Company is working to expedite fieldwork and assay results so drill targeting and permit amendments can be completed as expeditiously as possible.

  As at December 31, 2022, CANEX is fully financed to complete the next round of drilling, which should resume during Q2 2023. At this time, the Company is fully permitted to resume drilling along strike at Excelsior and test the larger potential of the 3.2-kilometre-long by 0.5-kilometre-wide Excelsior-Malco-Eldorado trend. The budget to complete this program is US$630,000 ($855,000).

  During the year ended September 30, 2022, the Company fulfilled its Stage 1 minimum exploration obligation in accordance with the Excelsior Mine Property Option and on November 11, 2022, the Company also issued 1,000,000 common shares valued at $112,500 in accordance with the agreement, signifying the beginning of Stage 2 obligations and 25% earn in. (Section 7d) “Contractual obligations”)

  For more details regarding the Gold Range property and the exploration activities conducted to date, refer to Section 3) “Mineral properties, Gold Range Property, Arizona, USA.

- With respect to the Gibson Prospect, throughout fiscal 2019, 2020 and 2021, the Company has met its contractual obligations except for the expenditure commitment as outlined in Section 7a) “Contractual obligations”. The Company has received several extensions to meet that expenditure commitment. Under the current terms, the expenditure deadline has been extended to August 30, 2023. To date the Company has expended $293,500 on exploration activities on the Gibson Prospect. Due to limited resources, including manpower, the Company has focussed its attention on exploration activities on the Gold Range property discussed above. During Q4 2021, the Company determined that it would not move forward with further exploration unless a third-party partner can be found to further exploration programs. As a result, the Company has recorded an impairment of the full amount of expenditures incurred to September 30, 2021. However, the Company continues to hold core claims which expire January 2029, keeping possibilities open for the Company to find a third-party partner to further the exploration program.

The Company continues to actively search for new early-stage exploration opportunities and avenues for growth in stable jurisdictions within North America. The Company has not entered into any business combination, acquisition or similar agreements except as noted above.

17) Risks

The business and operations of the Company are subject to numerous risks, many of which are beyond the Company's control. The Company considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently unaware or which it considers to be material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operation (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

The Company is a natural resource company engaged in the acquisition, exploration and development of mineral properties. Given the nature of the mining business, the limited extent of the Company's assets and the present stage of exploration, the following risk factors, among others, should be considered:

- **Exploration, development and operating risks**
  The Company is in the process of exploring its properties and has not yet determined whether its properties contain economically recoverable reserves and, therefore, does not generate any revenues from production. The recovery of expenditures on mineral properties and the related deferred exploration expenditures are dependent on the existence of economically recoverable mineralization, the ability of the Company to obtain financing necessary to complete the exploration and development of its properties, and upon future profitable production, or alternatively, on the sufficiency of proceeds from disposition. Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will be successful.

- **Substantial capital requirements and liquidity**
  Substantial additional funds for the establishment of the Company's current and planned mining operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operation and pursue only those projects that can be funded through cash flows generated from its existing operations, if any.

- **Fluctuating mineral prices**
  The economics of mineral exploration are affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, the Company may determine that it is impractical to continue a mineral exploration operation. Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the Company's properties.

- **Regulatory, permit and license requirements**
  The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations concerning exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for facilities and the conduct of exploration and development operations on the Properties will be obtainable on reasonable terms, or that such laws and regulation will not have an adverse effect on any exploration or development project which the Company might undertake.

  Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs, or require abandonment or delays in the development of new or existing properties.

- **Financing risks and dilution to shareholders**
  The Company has limited financial resources, no operations and no revenues. If the Company's exploration program on its properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity which will result in dilution to the Company's shareholders.

- **Title to properties**
  Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to its properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Optionors or the Company, as the case may be does not have title to its properties could cause the Company to lose any rights to explore, develop and mine any minerals on its properties without compensation for its prior expenditures relating to its properties.

- **Competition**
  The mineral exploration and development industry is highly competitive. The Company will have to compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of mineral claims, leases and other mineral interest as well as for the recruitment and retention of qualified employees and other personnel. Failure to compete successfully against other mining companies could have a material adverse effect on the Company and its prospects.

- **Reliance on management and dependence on key personnel**
  The success of the Company will be largely dependent upon the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with

numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

- **Environmental risks**
  The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increase capital expenditures and operating costs.

- **Conflicts of interest**
  Certain of the Directors and Officers of the Company are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such Directors and Officers of the Company may become subject to conflicts of interest. Canadian corporate laws provide that in the event that a Director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contact or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under those laws. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the applicable Canadian corporate laws.

- **Uninsurable risks**
  Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, any of which could result in damage to, or destruction of mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company's shares.

- **Litigation**
  The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

18) Critical Accounting Estimates

The most significant accounting estimate for the Company relates to the carrying value of its exploration and evaluation assets. Exploration and evaluation assets consist of the capitalized costs of exploration and mining concessions. Acquisition and leasehold costs and exploration costs are capitalized and deferred until such time as the property is put into production or the properties are disposed of either through sale or abandonments. The estimated values of exploration and evaluation assets are evaluated by management on a regular basis to determine whether facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Reference is made to project economics, including the timing of the exploration and/or development work, the work programs and exploration results experienced by the Company and others, financing, the extent to which optionees have committed, or are expected to commit to, exploration on the property and the imminent expiry of the right to explore, among other factors. When it becomes apparent that the carrying value of a specific property will not be realized, an impairment provision is made for the estimated decline in value.

The Company’s estimate for decommissioning obligations is based on existing laws, contracts and other policies. The value of the obligation is based on estimated future costs for abandonments and reclamations which require that certain assumptions be made. By their nature, these estimates are subject to measurement uncertainty.

Another significant accounting estimate relates to valuing stock-based compensation and warrants. The Company uses the Black-Scholes Option Pricing Model. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company’s stock options granted and vested, or warrants issued, during the year.

The Company estimates the fair value of its short-term equity investments at each period end as they are carried at fair value in the Balance Sheet. The Company uses the closing price of the common shares on the period-end date. The price at which these instruments can ultimately be sold will vary from these estimates due to the timing of their sale, the volume of trading in the securities at any given time and changes in the market over time, among other factors.

19) New Accounting Policies

The Company did not adopt any new accounting policies during the three months ended December 31, 2022.

20) Subsequent events

On February 7, 2023, the Company made a US$20,000 ($27,304) option payment pursuant to an option agreement with Onyx Exploration Inc. Refer to Section 7) “Contractual obligations” d) for more information regarding this transaction.

21) Other

Additional information relating to the Company may be found on SEDAR at www.sedar.com.