

ARCTIC STAR EXPLORATION CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

1.1 DATE OF REPORT July 30, 2025

1.2 OVERALL PERFORMANCE

General

The following Management Discussion and Analysis of Arctic Star Exploration Corp. (“the Company”) has been prepared as of July 30, 2025, should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2024 and 2023 and related notes attached thereto, which are prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated.

Description of Business

The Company is a junior natural resource company engaged in the acquisition, exploration and development of mineral properties. The Company is a reporting issuer in British Columbia, Alberta and Ontario and trades on the TSX Venture Exchange under the symbol ADD. The Company has one subsidiary, its wholly-owned subsidiary Foriet Oy.

The Company has yet to receive any revenue from its natural resource exploration operations. Accordingly, the Company has no operating income or cash flows. Its continued existence has relied almost exclusively upon equity financing activities, which is not expected to significantly change in the immediate future.

Forward Looking Information

Certain statements in this Management Discussion and Analysis constitute forward-looking statements under applicable securities legislation. Forward-looking statements or information typically containing statements with words such as “anticipate”, “believe”, “expect”, “plan”, “intend”, “estimate”, “propose” or similar words suggesting future outcomes or statements regarding, and outlook. Forward-looking statements or information in this Management Discussion and Analysis include, but are not limited to, statements regarding:

- Business objectives, plans and strategies;
- Exploration objectives, plans and strategies; and,
- Certain geological interpretations and expectations.

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to other assumptions identified in this Management Discussion and Analysis, assumptions have been made regarding, among other things:

- The ability of the Company to continue to fund its operations through financings, options and joint ventures;
- The ability of the Company to obtain equipment, services and supplies in a timely manner to carry out its activities;
- The level of exploration activities and opportunities;
- The ability of the Company to retain access and develop its mineral claims; and
- Current and future mineral commodity prices.

Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove correct. Forward-looking statements or information are based on

current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Company and described in the forward-looking statements or information. These risks and uncertainties include but are not limited to:

- The ability of management to execute objectives, plans and strategies;
- Exploration, development and operational risks inherent in the mining industry;
- Market conditions;
- Risks and uncertainties inherent in geology and exploration for deposits;
- Potential delays and changes in plans;
- The Company's ability to retain land tenure;
- Uncertainties regarding financings and funding;
- General economic and business conditions;
- Possibility of governmental policy changes;
- Changes in First Nations policies;
- Other risks and uncertainties described within this document.

The forward-looking statements or information contained in this Management Discussion and Analysis are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities law.

Significant Acquisitions and Dispositions

Acquisitions

The Company has diamond exploration properties with diamond bearing kimberlites in Northern Canada and Finland. Through-out the company's history (since 2001), the prime focus has been diamonds. However, the company has on occasion has been opportunity driven and has diversified into other commodities, especially during times diamonds are not in market favor. The company also has a policy of joint venturing properties when appropriate. The Company acquires projects, either by using the mining law in each particular jurisdiction or by negotiation with other parties. As described below.

DIAGRAS JV, Lac De Gras NT

The Company staked 54,000 Ha of ground in an area previously held by other diamond explorers in the Lac de Gras kimberlite field, 20km North of Diavik and 24 km East of Ekati in 2014. The property was surrounded by those leases on three sides at that time. According to the government database there are 21 known kimberlites within the property boundary, discovered by previous workers in the 1990's. Many of these kimberlites only have one drill hole into them, testing the magnetic portion of the kimberlite. Experience has shown that many of the Slave Craton kimberlites are multi-phase volcanic events and often there are often, other non-magnetic kimberlite phases present. These would have been missed by the rapid magnetic only, exploration approach. Our exploration philosophy has been to do EM and Gravity surveys in the vicinity of the known kimberlites, looking for previously undiscovered phases.

In 2016, The Company entered a JV on this project with Margaret Lake Diamonds (MLD), where MLD earned a 60% interest by posting a bond and keeping the claims in good standing for two years. In the summer of 2017 the JV conducted ground geophysical surveys over several of the known kimberlites. This ground geophysical work generated drill targets. In Spring 2018 the JV completed more gravity, magnetic and EM surveys, and also, staked eight more claims to bring the total to 29 mineral claims, for an additional 22,595 hectares. At this time 2019, the JV had spent \$920,000 .

During the year ended December 31, 2020, Margaret Lake Diamonds, the managers of the JV, indicated they would not propose a budget and exploration plan. The JV agreement allowed for Arctic to take-over the operations and proposes a plan and budget, under these circumstances. Arctic proposed a \$2.1 million program which commenced

in April, 2021, with DIA electing not to contribute. On November the 5th 2021 the joint venture issued a news release stating the new ownership, after this expenditure, as being 81.5% Arctic Star and 18.5% DIA

The 2021 program successfully intersected 5 new kimberlites. Two holes were drilled 220m south of the Black Spruce kimberlite, intersected a new kimberlite, and the discovery was named the Birch kimberlite. A third hole drilled 55m east of this kimberlite intersected a 0.5m kimberlite dyke. (the Birch dyke). Drilling 200m north of the known Jack Pine kimberlite discovered the Sequoia kimberlite. A second hole drilled 220m north of this first hole also hit kimberlite. This drilling shows that the Sequoia kimberlite is an approximate 1km long 200m wide kimberlite complex with multiple phases. The next drill hole in the 2021 exploration program, failed to explain the EM anomaly at the Kong target. The seventh hole intersected the kimberlite testing an EM anomaly near the previously known kimberlite HLO2, it has been named the Alder kimberlite. This conductive, non-magnetic phase of kimberlite is separate from the magnetic phase of kimberlite called HL02. The eighth and final hole tested an EM anomaly south of the known Penelope kimberlite it interested kimberlite and this discovery has been called the Cedar Kimberlite. Core from the four main kimberlite discoveries (there was insufficient material from the kimberlite dyke), were sent for microdiamond analysis. The results are summarized in table 1.

Total Kimberlite Caustic Fusion Results for Diagrass property.

Kimberlite	0.105 mm	0.15 mm	0.212 mm	0.3 mm	0.435 mm	0.6 mm	0.85 mm	1.18 mm	Weight Kg	Total Stones	Stones/ 100kg
Sequoia	890	255	79	35	17	7	2	1	2155.8	1276	61
Arbutus	29	19	5	2	4	2	0	0	143.05	61	43
Birch	10	7	7	3	1	1	0	0	141.5	29	20
Alder	3	6	1	2	1	0	1	0	223.72	14	6
Cedar	1	0	0	0	0	0	0	0	90.6	90.6	1

Notes on the results: The Sequoia Kimberlite was sent to SRC laboratory, Saskatoon, Saskatchewan with a direct chain of custody. The other Kimberlites were originally sent to CFM laboratory in Kelowna, however, when after three weeks this lab informed Arctic Star that these samples were behind a previous client and that there would be a long delay the company decided to move the samples to other laboratories. The Birch Kimberlite samples were redirected to the SRC lab and the Alder and Cedar Kimberlite samples were redirected to the Microlithics Laboratory in Thunder Bay. The samples arrived intact, with seals, and chain of custody preserved. SRC is an independent laboratory that is SCC accredited, ISO/IEC 17025. Microlithics is also an independent laboratory. The processing methods of these laboratories are similar. The samples are assayed using the caustic fusion process, where up to 8-kilogram samples are fused in a kiln containing caustic soda at temperatures of >500oC. The hot residue is then poured through sieves and the remaining material is further chemically treated to reduce the residue to a manageable size. The residues are then observed, and the diamonds are recovered. The labs add unique diamonds to each sample which are recovered as part of a quality assurance program. All were recovered from these batches.

Sequoia stands out as having the highest diamond count. The size distribution of diamonds at Sequoia suggest a coarser than average population of diamonds. A second line of evidence for this comes from the indicator minerals found in the kimberlite. Chuck Fipke reports that these contain very high numbers of garnets and clinopyroxene with chemistry equivalent to those found in the world’s largest diamonds >50ct in weight. These diamonds are sourced from beneath the lithosphere from great depths (400km-600km) and are dominated by nitrogen free “type 2” diamonds. This work therefore predicted the presence of type 2 diamonds. In May 2022 results from a FIR study (Infra-red spectra), carried out at SRC laboratories, on 12 diamonds >0.3mm in diameter from demonstrated that 50%, the majority, are Type 2. More than confirming the indicator mineral prediction. Globally, Type 2 diamonds are mainly clear and white, but can be different colours when stressed, browns to pinks for example. The SRC

Laboratory described all the stones as clear and white so early indications are that our type 2's are white. Current microdiamond data suggest a commercial (>1.18mm diamond) grade of between 0.3 ct/t and 0.7 ct/t.

Given the positive diamond and indicator minerals results from Sequoia, the JV committed to a late 2021 and an early 2022 exploration programs. DIA elected to participate. In the fall of 2021, the JV completed phase 1 of a helicopter-borne EM and magnetic survey. In late March 2022 phase 2 of this survey was completed. The data from this survey has revealed numerous targets. The Spring 2022 exploration program focused on delineation drilling of the Sequoia kimberlite complex using HQ diameter drill holes. Six drill holes were completed. The diamond results for these six holes were added to our 2021 results and the totals are shown in table 1. Sequoia continues to demonstrate diamond content with a consistent population of clear white stones. A dozen more delineation drill holes are required to first past delineate this larger than usual kimberlite (Lac de Gras comparisons). This extra drilling is planned in 2023 or in 2024. A permit for taking a large bulk sample that will retrieve >1000 carats is well underway and has past the first steps for acceptance. This work could be carried out in 2024 after the permit is granted. Two exploration targets were also tested by drilling, in the first no kimberlite was intersected, in the second a new kimberlite, called Arbutus, was discovered, 180m from the known Finlay kimberlite. Diamond results have been returned for the Arbutus kimberlite and these are reported above in table1. They are the second best results to date behind Sequoia. Sample sent to CF minerals from Arbutus were analyzed for indicator minerals. Chuck Fipke reported superior chemistry with high diamond potential for Arbutus. Exploration in 2023 was dormant, in part due to the fire emergency during summer around Yellowknife, but mainly due to the poor market conditions made raising funds exploration difficult.

On March 20, 2024, Margaret Lake sold its 18.5-per-cent interest in the Diagrass joint venture to a new joint venture party. The acquirer is an arm's-length party to Arctic Star and is a privately held company. Arctic Star has entered into an assignment, consent and acknowledgement agreement with the acquirer and Margaret Lake, whereby Arctic Star has consented to the assignment of Margaret Lake's 18.5-per-cent interest in the Diagrass joint venture to the acquirer. Pursuant to the assignment agreement, Arctic Star will continue to be operator and will hold 81.5-per-cent interest in the Diagrass joint venture. The Diagrass joint venture remains subject to the terms and conditions of the OJVA. If a party to the OJVA dilutes to below a 10-per-cent interest in the Diagrass joint venture, then such party's interest will convert to a 1.5-per-cent gross overriding royalty.

Timantti Project, Diamondiferous kimberlite field play, Finland.

The Timantti project owned 100% by the Company, consists of two Exploration permits, the 243 Ha Exploration Solavaara Permit and the 882 Hectares Vaimouso permit totalling 1125 Ha. The Solavaara permit covers the diamondiferous Wolf, Vaasa and Karhu kimberlites.

The Company entered an agreement to acquire a 100% interest in a 243 Ha Exploration Permit over the Black Wolf and the White Wolf diamond-bearing kimberlites (together the "Wolf kimberlites") in northern Finland, through the purchase of Finland company Foriet Oy. The combined regional exploration and diamondiferous kimberlite property has been named the Timantti Project (Timantti is Finnish for "diamond").

During the year ended December 31, 2017, the Company issued 10,000,000 common shares with a fair value of \$1,400,000 for all the right, title and interest to Foriet Oy, a Finnish company that has the exploration permit over the Wolf kimberlites in North-Eastern Finland and an additional 4,500,000 common shares with a fair value of \$623,404 were issued to the beneficial owners of a joint venture partner of Foriet Oy for 100% of their joint venture rights.

Of the 4,500,000 common shares issued (450,000 post roll back), to the beneficial owners of Foriet Oy, 1,767,858 or 12.2% were issued to 3 directors of the Company, Patrick Power, Buddy Doyle and Thomas Yingling, for their interest as beneficial owners of a joint venture interest in the Timantti Project granted by Foriet Oy to a private company in 2015.

As part of the due diligence The Company processed 67.55kg of float and core and received encouraging diamond results.

Kimberlite	Sample Weight Kg	+0.106 mm	+0.15 mm	+0.212 mm	+0.3 mm	+0.425 mm	+0.60 mm	+0.85 mm	+1.18 mm	Total Stones
Black Wolf	349.75	267	138	87	45	16	3	3	0	559
Grey Wolf	201.64	57	32	33	16	2	3	0	1	144
White Wolf	409.93	516	253	136	81	27	16	7	5	1032
Karhu	149.75	60	41	27	5	7	3	2	1	147
Vasa Dykes	25.74	1	5	5	0	0	0	0	0	11

Microdiamonds are used throughout the industry as a predictive guide to commercial diamond grade. Commercial diamond grades can be estimated from relatively small samples by constructing graphs of size (Carats or mm) versus frequency (number of stones). The majority of diamondiferous kimberlites around the world show an exponential relationship between the number of small diamonds and large diamonds, with there being orders of magnitude more small diamonds than large. The goal of total diamond extraction by caustic fusion is to gather enough information to result in a smooth size frequency curve that can give guidance on the commercial (>1.18mm) grade which in turn can help design the size of future bulk samples. Such bulk samples are required to get a more precise grade and an average price per carat estimate, necessary for 43-101 classified resources.

Ground Geophysics commenced in December 2017 and drilling and excavator till sampling and bedrock exposure began. This work has revealed two new kimberlites, the Vassa Dyke swarm and the Grey Wolf kimberlite. Both were discovered by the excavator and have been followed up by drilling. Diamond results have been received from the excavator pits, and these are shown below in Table 2.

In total 680m of drilling was completed in spring 2018. A further two suspected kimberlites were discovered by Trenching in late summer 2019 and were called the Karhu and Pug kimberlites. No indicator minerals could be found in the Pug kimberlite so it was not sent for Caustic fusion, however the Karhu discovery had encouraging results.

The onset of the Covid pandemic in 2020 delayed further work on this project. The title that covers the known kimberlite reached the end of its five-year term and the company applied for a three extension. Renewal of the exploration permit was achieved in August and the title is good for another 3 years. Once the final paperwork is received the company can renew its environmental permit to allow for surface exploration and drilling. Once the drill permit is in hand the company will attempt to finance and execute a drill program designed to determine if the Wolf Kimberlites are small pipes or part of a larger sill complex and drill the Karhu discovery. In 2025 the company undertook a \$Euro 45,000 loan to make the land payments to keep the two mineral exploration permits in good standing.

Property Exploration Plans and Work Programs Status

The Company plans to continue exploration work on its currently held resource properties, subject to availability and timing of financing (including the ability to meet cash calls from the property operator) and data analysis from work programs.

Technical reports and news releases discussing progress on the Company's properties can be viewed on the SEDAR website at www.sedar.com.

Highlights

- Spring 2022, the Arctic Star and Margaret Lake, JV, discover the now Arbutus kimberlite and completed 6 holes into the Sequoia kimberlite complex. The Arbutus Kimberlite has proven to have significant microdiamonds and warrants further work. Five of the Sequoia delineation holes and all proved diamondiferous.

- Spring 2021 Arctic completed a very successful drilling campaign discovering 5 new kimberlites, the Birch, Sequoia, Alder and Cedar kimberlites and the Birch kimberlite dyke. Split core from these kimberlites has been sent to the lab of microdiamond analysis. All four kimberlites sent for diamond analysis have returned diamonds with the Sequoia discovery as being the most significant in the terms of size (as inferred by the geophysical signature) and higher diamond counts. Arctic Star is manager of this JV with 81.5% ownership.
- The Timantti project in Finland, was on hold while Covid travel restrictions were in place. Now that they are lifted, the company plans to return to work in 2023. Very encouraging diamond results were received for the Karhu kimberlite discovery in 2022. A drill program testing this target and further delineating the Wolf Kimberlite and the Karhu discovery is planned.
- In 2019 GGL staked claims over the magnetic anomalies of interest and conducted ground magnetometer surveys over the targets on the Stein property. GGL informed Arctic that an \$800K drill program is planned once Covid travel restrictions are lifted. The Nunavut government has granted extension to the claims assessment to 2022. If GGL drills a kimberlite they will earn a 60% interest in the project. If they fail to intersect kimberlite or don't elect to drill the claims return to Arctic. Nunavut is currently reviewing its entire land use policy. Although the Stein property will be "grandfathered" (i.e. no changes) the land around the property may change status. One proposal has the entire Bothia Peninsular sterilized for development as a Caribou range protectorate, and this will surround our claims. GGL are advocating on our behalf in meeting designed to review this process.
- The current junior mining public market is in recession and for those focused on diamonds more so. The company strategy during this difficult period is to continue to move forward with permitting for a bulk sample on the Sequoia kimberlite and drilling on our Finnish project so that these project are ready to go when the cycle turns more positive.

Diamond market: Arctic predominately explores for diamonds and the state of the overall diamond market dictates the number of investors that may be interested in purchasing shares. For an independent review of the Diamond market from production to jewelry please refer to <https://www.bain.com/insights/a-brilliant-recovery-shapes-up-the-global-diamond-industry-2021-to-22/> for the 2022 diamond industry review by Bain consultants. This report always lags by a year in its for free form. In 2023 the industry is saw an oversupply of synthetics I the 0.5 to 2 carat sizes and a collapse in their price which also dragged the price of natural goods in these size categories down. <https://rapaport.com/all-news/?featured=1>

Diavik diamond mines near our Sequoia kimberlite announced they would extend production till 2026 by going underground on the A21 kimberlite. The Ekati project also next to our Diagrass property was purchased by the Burgandy Diamond group. The junior exploration space saw our peers leave diamond exploration for other commodities due to the difficulty to finance diamond exploration.

Arctic management, plans to preserve the title over its diamond bearing kimberlites until a time market interest returns to the diamond space, and is also looking at opportunities in other commodities.

Operating Hazards and Risks: Exploration for natural resources involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage. Although the Company has or will obtain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Title to Assets: Although the Company has or will receive title options for any concessions in which it has or will acquire a material interest, there is no guarantee that title to such concessions will not be challenged or impugned. In some countries, the system for recording title to the rights to explore, develop and mine natural resources is such that a title opinion provides only minimal comfort that the holder has title. Also, in many countries, claims have been

made and new claims are being made by aboriginal peoples that call into question the rights granted by the governments of those countries.

Management: The Company is dependent on a relatively small number of key employees, the loss of any of whom could have an adverse effect on the Company.

Requirement of New Capital: As an exploration company without revenues, the Company typically needs more capital than it has available to it or can expect to generate through the sale of its products. In the past, the Company has had to raise, primarily by way of equity financing, considerable funds to meet its capital needs. There is no guarantee that the Company will be able to continue to raise funds needed for its business. Failure to raise the necessary funds in a timely fashion will limit the Company's growth.

Value of Company: The Company's assets are of indeterminate value. For further particulars see the financial statements filed on www.sedar.com.

1.3 SELECTED FINANCIAL INFORMATION

	December 31, 2024	December 31, 2023	December 31, 2022
Total revenues	\$ -	\$ -	\$ -
Operating expenses	(671,112)	(1,187,402)	(2,367,884)
Loss and comprehensive loss before income taxes	(825,415)	(1,612,394)	(2,354,751)
Loss per share basic and diluted	(0.00)	(0.01)	(0.01)
Total assets	8,760,291	8,913,120	9,993,843

1.4 RESULTS OF OPERATIONS

These consolidated financial statements include the financial statements of the Company, its wholly-owned subsidiary Foriet Oy. Subsidiaries are entities controlled by the Company, and are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiary have been changed where necessary to align them with policies adopted by the Company.

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Currently the Company has no producing properties and consequently, no sales and earns no revenue. To date the Company has been entirely dependent on equity markets to finance all of its activities and it is anticipated that it will continue to rely on this source of funding for its exploration expenditures and to meet its ongoing working capital requirements.

The Company recorded a net loss for the year ended December 31, 2024 of \$(825,415) ((\$0.00) per share) as compared to \$(1,612,394) ((\$0.01) per share) for the year ended December 31, 2023.

The Company had an accumulated deficit of \$65,103,957 for the year ended December 31, 2024 and a deficit of \$64,278,542 for the year ended December 31, 2023.

Twelve Months Ended December 31, 2024 Compared to Twelve Months Ended December 31, 2023

The following table summarizes the Company's financial results for the year ended December 31, 2024 and 2023.

Year Ended December 31	2024	2023	Changes	Changes
	\$	\$	\$	%
Expenses				
Accounting and audit	124,843	125,027	(184)	-
Advertising and promotional	-	68,098	(68,098)	(100)
Consulting fees	392,000	744,800	(352,800)	(47)
Depreciation	-	542	(542)	(100)
Foreign exchange	464	543	(79)	(15)
Legal	41,240	71,564	(30,324)	(42)
Office and administration	23,844	44,297	(20,453)	(46)
Rent	25,931	26,252	(321)	(1)
Shareholder information	250	14,551	(14,301)	(98)
Stock based compensation	5,020	16,100	(11,080)	(69)
Trade Shows	1,550	-	1,550	100
Transfer agent and filing fee	19,015	19,586	(571)	(3)
Travel	36,955	56,042	(19,087)	(34)
Total Operating Expenses	671,112	1,187,402	(516,290)	(43)
Write off receivables	119,375	-	119,375	100
Write off payables	(25,072)	-	(25,072)	100
Other expense	60,000	-	60,000	100
Loss of sale of marketable securities	-	425,000	(425,000)	(100)
Interest	-	(8)	8	100
Net loss for the year	\$825,415	\$1,612,394	(\$786,979)	(49)

The total operating expenses were \$671,112 a decrease of \$516,290 compared to \$1,187,402 for the comparable period of the prior year. This is due to mainly decrease in consulting fees and advertising and promotional expenses.

Accounting and audit expenses were decreased by \$184.

Advertising and promotional expenses were decreased by \$68,098. The Company is not spending any funds in the current period in this category.

The consulting fees were decreased by \$352,800. The Company had fewer consultants in current period.

The foreign exchange loss was \$464 compared to \$543 in prior year. The change resulted from fluctuations in the Canadian dollar and Euro values.

The legal fees were decreased by \$30,324. The Company obtained less legal advice during the current period.

Office expenses were decreased by \$20,453. This is due to less office activities.

The shareholder information was decreased by \$14,301.

The Company granted 500,000 deferred share units last year. These deferred share units are to be vested over one year period and has been fair valued at the date of grant of \$12,500. During the year ended December 31, 2024, the Company recognized share-based payment of \$5,020 on the estimated deferred units vested as of the end of the period.

The trade show expenses were increased by \$1,550.

Travel expenses were decreased by \$19,087. Travel expenses fluctuate significantly from period to period depending on the initiatives underway.

The Company also wrote-off accounts payable amount \$25,072 and accounts receivable of \$119,375, and recorded a provision of \$60,000 related to a default judgment received in March 2025.

1.5 SUMMARY OF QUARTERLY RESULTS

The following table presents certain selected financial information on a quarterly basis:

Quarter ended	Revenue \$	Net loss \$	Net loss per share \$
December 31, 2024	-	(328,674)	(0.00)
September 30, 2024	-	(138,146)	(0.00)
June 30, 2024	-	(173,446)	(0.00)
March 31, 2024	-	(185,149)	(0.00)
December 31, 2023	-	(260,638)	(0.00)
September 30, 2023	-	(162,587)	(0.00)
June 30, 2023	-	(424,205)	(0.00)
March 31, 2023	-	(764,964)	(0.00)

Primarily, due to a write down of receivable of \$119,375, the net loss for quarter ended December 31, 2024 was \$328,674.

Primarily, due to a loss of sale on marketable securities of \$191,250, the net loss for quarter ended June 30, 2023 was \$424,205.

Primarily, due to the consulting fees of \$362,050, and loss of sale on marketable securities of \$233,750, the net loss for quarter ended March 31, 2023 was \$764,964.

1.6 LIQUIDITY

At December 31, 2024, the Company had a working capital deficiency of \$1,039,013 (December 31, 2023, \$381,999), had not yet achieved profitable operations, and had accumulated losses of \$65,103,957 (December 31, 2023 - \$64,278,542) since its inception and expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that may cast substantial doubt about the Company's ability to continue as a going concern.

Cash Flow from Operations

During the year ended December 31, 2024, the Company had cash out-flow of \$321,904 from operations compared to an outflow of \$557,935 in the comparable period of the previous year.

During the year, accounts receivable decreased by \$42,353, due from related parties decreased by \$29,200, prepaid expenses decreased by \$1,131, and accounts payable and accrued liabilities increased by \$249,220.

Investing Activities

During the year ended December 31, 2024, the net cash used in investing activities were \$67,109 compared to the net cash from investing activities of \$206,226 in the comparable period of the previous year.

During the year, the Company spent \$67,109 in exploration expenses.

Financing Activities

During the year ended December 31, 2024, the net cash from financing activities was \$383,418 compared to \$377,555 in the previous year.

During the year, the Company raised \$236,650 by issuance of shares. The share issue costs were \$6,160. Due to related parties were increased by \$152,928.

Since incorporation, the Company's capital resources have been limited. The Company has to rely primarily upon the sale of equity securities for cash required for administration, acquisitions and exploration programs, among other things. While there are presently no known specific trends, events or uncertainties that are likely to result in the Company's liquidity decreasing in any material way over the next year, it is unlikely that significant cash will be generated from operations over this period. Since the Company is unlikely to have significant cash flow, the Company will have to continue to rely upon equity financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

The Company is engaged in the acquisition, exploration and development of natural resource properties. The Company has entered into agreements to acquire interests in the properties described above under the heading "Overall Performance".

The main business risks facing the Company over the next several years relate to the availability of equity capital to finance the acquisition, exploration and development of existing and future exploration and development projects. The availability of equity capital to junior resource companies is affected by commodity prices, global economic conditions, and economic conditions and government policies in the countries of operation, among other things. These conditions are beyond the control of the management of the Company and have a direct effect on the Company's ability to raise equity capital.

The Company's working capital and liquidity fluctuate in proportion to its ongoing equity financing activities. The Company requires a certain amount of liquid capital in order to sustain its operations and in order to meet various obligations as specified under the Company's resource property acquisition agreements. Should the Company fail to obtain future equity financing due to reasons as described above, it will not be able to meet these obligations and may lose its interests in the properties covered by the agreements. Further, should the Company be unable to obtain sufficient equity financing for working capital, it may be unable to meet its ongoing operational commitments. Exploration and development of natural resources involve substantial expenditures and a high degree of risk. Few properties which are explored are ultimately developed into producing properties. Accordingly, the Company has no material revenue, writes off its natural resource properties from time to time, and operates at a loss. Continued operations are dependent upon ongoing equity financing activities.

1.7 CAPITAL RESOURCES

On January 15, 2024, the Company raised \$2,000 by issuing 7,000,000 shares @ \$0.01. The Company received \$5,000 in December 2023.

In December 2024, the Company closed the non-brokered private placement of 15,643,334 non-flow through units of the Company at \$0.015 per non-flow through unit, for a total gross proceed of \$234,650. Each non-flow through unit consists of one common share and one share purchase warrant at an exercise price of \$0.05 per common share within two years. The Company also paid legal fees of \$6,159.

During the year ended December 31, 2024 and 2023, all the exploration properties are in good standing. The complete progress of all the properties have been disclosed in section 1.2 under the heading Overall Performance of this MD&A.

During the year ended December 31, 2024, the Company incurred exploration expenditures on the properties as follows:

EXPLORATION AND EVALUATION ASSETS

	Diagras \$	Timantti \$	Total \$
Exploration Expenditure			
Balance December 31, 2023	5,095,234	1,196,184	6,291,418
Consulting	7,200	-	7,200
Others	56,371	3,538	59,909
Total exploration expenses	5,158,805	1,199,722	6,358,527
Property Acquisitions:			
Balance December 31, 2023	252,898	2,023,403	2,276,301
Additions	-	-	-
Total property acquisitions	252,898	2,023,403	2,276,301
Balance December 31, 2024	5,411,703	3,223,125	8,634,828

1.8 COMMITMENTS

The Company does not have any commitments.

1.9 OFF-BALANCE SHEET ARRANGEMENTS

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

1.10 RELATED PARTY TRANSACTIONS

Key Management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

During the year ended December 31, 2024, nil stock options (2023 – 500,000) were granted to directors and officers.

During the year ended December 31, 2024, nil deferred share units (2023 – 500,000) were granted to directors and officers.

The aggregate values of transactions relating to key management personnel were as follows:

	December 31, 2024	December 31, 2023
Consulting fees	\$ 240,000	\$ 537,300
Accounting fees	84,000	84,000
Rent paid	25,931	26,252
Stock based compensation	5,020	8,620
Deferred share units	-	7,480

- (a) During the year ended December 31, 2024, the Company incurred consulting fees of \$240,000 (2023 - \$537,300) with directors and companies owned by directors.
- (b) During the year ended December 31, 2024, the Company incurred accounting fees of \$84,000 (2023 - \$84,000) with an officer of the Company.
- (c) During the year ended December 31, 2024, the Company paid rent of \$25,931 (2023 - \$26,252) pertains to rent paid to a company related by a common officer for shared office premises.
- (d) As at December 31, 2024, \$431,852 (December 31, 2023- \$278,924) was owing to companies controlled by directors and officers of the Company. The amounts due from or to the related parties are unsecured and

without interest or stated terms of repayment.

- (e) As at December 31, 2024, \$93,090 (December 31, 2023 - \$122,290) was due from a company owned by Patrick Power, a director and CEO of the Company.
- (f) As December 31, 2024, accounts receivable includes \$nil (December 31, 2023 - \$159,375) from Zimtu Capital Corp, a company related by a common director. During the year ended December 31, 2024, the Company received \$40,000 from Zimtu Capital Corp. and remaining balance of \$119,375 were written off.

1.11 FOURTH QUARTER ANALYSIS

The following table summarizes the Company's financial results for the quarter ended December 31, 2024 and 2023.

Quarter Ended December 31	2024	2023	Changes	Changes
	\$	\$	\$	%
Expenses				
Accounting and audit	53,812	44,178	9,634	22
Consulting fees	96,750	156,750	(60,000)	(38)
Depreciation	-	359	(359)	(100)
Foreign exchange	(155)	(235)	80	(34)
Legal	7,298	5,964	1,334	22
Office and administration	(237)	10,792	(11,029)	(102)
Rent	6,442	6,441	1	-
Shareholder information	-	10,954	(10,954)	(100)
Stock based compensation	-	(17,520)	17,520	(100)
Transfer agent fees	3,310	4,696	(1,386)	(30)
Travel	7,151	38,259	(31,108)	(81)
Total Operating Expenses	174,371	260,638	(86,267)	(33)
Write off payables	(25,072)	-	(25,072)	100
Write off receivables	119,375	-	119,375	100
Other expense	60,000	-	60,000	100
Net loss for the quarter	\$328,674	\$260,638	\$68,036	26

The total operating expenses were \$174,371 a decrease of \$86,267 compared to \$260,638 for the comparable quarter of the prior year.

Accounting and audit fees were increased by \$9,364.

The consulting fees were decreased by \$60,000. The Company has fewer consultants in current period.

The foreign exchange gain was \$155 compared to gain of \$235 in prior year. The change resulted from fluctuations in the Canadian dollar and Euro values.

The legal fees were increased by \$1,334.

Office expenses were decreased by \$11,029. This is due to less office activities.

The shareholder information was decreased by \$10,954.

Stock based compensation expenses were reduced by \$17,520.

Transfer agent and filing fees were decreased by \$1,386.

Travel expenses decreased by \$31,108. Travel expenses fluctuate significantly from period to period depending on the initiatives underway.

The Company also wrote-off accounts payable amount \$25,072 and accounts receivable of \$119,375, and recorded a provision of \$60,000 related to a default judgment received in March 2025.

1.12 PROPOSED TRANSACTIONS

The Company does not have any proposed transactions.

1.13 CRITICAL ACCOUNTING ESTIMATES

Critical Accounting estimates represent estimates that are highly uncertain and for which changes in those estimates could materially impact the Company's financial statements. Critical accounting estimates are as follows:

- the estimated useful lives and residual value of equipment which are included in the statement of financial position and the related amortization included in the statement of loss and comprehensive loss;
- fair value of the assets received in an asset acquisition as well as the associated non-controlling interest at acquisition;
- the recoverability and expected credit losses on loans receivable and accounts receivable;
- the inputs in accounting for share-based compensation transactions in the statement of loss and comprehensive loss (using the Black-Scholes model) including volatility, probable life of options granted, time of exercise of the options and forfeiture rate; and the determination and recognition of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values not necessarily provide certainty as to their recorded values.

1.14 CHANGES IN ACCOUNTING POLICIES

New accounting standards interpretations issue but not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2025. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company is currently evaluating the impact of these new pronouncements.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include the environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified as FVOCI.

The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted.

Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. The new standards replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted.

1.15 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair value of financial instruments

As at December 31, 2024 and December 31, 2023, the Company's financial instruments consist of cash, accounts receivable, due from related parties, accounts payable and accrued liabilities, and due to related parties.

IFRS requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. IFRS establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS prioritizes the inputs into three levels that may be used to measure fair value.

Level 1: Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2: Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the net asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3: Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

	Level 1	Level 2	Level 3	Total
December 31, 2024				
Cash	\$ 542	\$ -	\$ -	\$ 542
	\$ 542	\$ -	\$ -	\$ 542
December 31, 2023				
Cash	\$ 28,421	\$ -	\$ -	\$ 28,421
	\$ 28,421	\$ -	\$ -	\$ 28,421

The fair value of cash is determined based on Level 1 inputs which consist of quoted prices in active markets for identical assets. As at December 31, 2024 and December 31, 2023, the Company believes that the carrying values of accounts receivable, due from related parties, accounts payable and accrued liabilities and due to related parties approximate the fair values because of their nature and relatively short maturity dates or durations.

(b) Risk Management

Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligation resulting in financial loss to the Company. Credit risk is primarily related to the Company's cash and accounts receivable. To minimize this risk, cash has been placed with major Canadian financial institutions. The

maximum exposure to credit risk for cash is \$542 (December 31, 2023 – \$28,421). Collectability for accounts receivable and due from related parties are assessed on an ongoing basis and a provision for impairment recorded as necessary.

Interest Rate Risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, and cash and cash equivalent holdings. As the Company does not have operating cash flows, the Company has relied primarily on equity financings and loans from related parties to meet its capital requirements and current financial obligations.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities and the determination of impairment of exploration and evaluation assets is subject to risk associated with fluctuations in the market prices of diamonds.

(c) **Capital management**

The Company considers its capital structure to include working capital and shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable. The Company's share capital is not subject to any external restriction and the Company did not change its approach to capital management during the period.

1.16 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

It is management's opinion that the fair value of the Company's cash, accounts payable and accrued liabilities and due to related parties, approximate their carrying value due to the relatively short periods to the maturity of the instruments. The fair value of loans receivables are estimated using the trading value of the equity-linked publicly traded instrument.

1.17 OTHER MD&A REQUIREMENTS

Financial and Disclosure Controls and Procedures

During the year ended December 31, 2024, there has been no significant change in the Company's internal control over financial reporting since last year.

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's consolidated financial statements for the year ended December 31, 2024 (together the "Annual Filings"). The Chief Executive Officer and Chief Financial Officer of the Company have filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at www.sedar.com.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis

DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

Outstanding Share Data

- (a) The Company's authorized share capital consists of unlimited common shares without par value. The Company has only one kind and class of shares and there are no unusual rights or restrictions attached to that class.
- (b) As at July 30, 2025, the Company had a total of 238,710,370 (December 31, 2024: 238,710,370) common shares issued and outstanding.
- (c) As at July 30, 2025, the Company had 35,643,334 (December 31, 2024: 35,643,334) warrants outstanding.
- (d) As at July 30, 2025, the Company had 9,510,000 (December 31, 2024: 10,259,000) stock options outstanding.
- (e) As at July 30, 2025, the Company had 500,000 (December 31, 2024: 500,000) deferred share units outstanding.

Additional information about the Company can be found on www.sedar.com

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Frankfurt Stock Exchange: 82A1