# CHURCHILL RESOURCES INC.

## MANAGEMENT DISCUSSION & ANALYSIS
## (FORM 51-102F1)

## FOR THE SIX MONTHS ENDED FEBRUARY 28, 2023

## (EXPRESSED IN CANADIAN DOLLARS)

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## BACKGROUND

This Management Discussion and Analysis ("MD&A") of Churchill Resources Inc. ("Churchill" or the "Company") (formerly 9 Capital Corp.) ("9 Capital") financial position and results of operations for the six months ended February 28, 2023 is prepared as at May 1, 2023.

This MD&A should be read in conjunction with our unaudited condensed consolidated interim financial statements for the six months ended February 28, 2023 and the supporting notes. Those unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

## CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain information contained in this MD&A may constitute forward-looking information, which is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future economic condition and courses of action and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "feel", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, without limitation, our expectations regarding anticipated exploration activities and results and financing activities and other factors on our operating results, and the performance of global capital markets, commodity prices and interest rates.

Forward-looking information involves known and unknown risk, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to exploration results, market fluctuations, commodity price fluctuations and the strength of the Canadian, U.S. and other economies.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

## COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn.

The Company could be adversely impacted by the effects of the coronavirus. The extent to which the coronavirus impacts the Company, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. The continued spread of the coronavirus globally could materially and adversely impact the Company's operations, and the operations of its suppliers, contractors and service providers and the ability to obtain financing. To date, the Company has not had any adverse effects from the coronavirus.

## COMPANY OVERVIEW

Churchill is a Canadian exploration stage mining company which is focused on the exploration for battery metals and diamonds in Canada. The Company currently holds four exploration projects, namely Taylor Brook in Newfoundland, Florence Lake in Labrador, Pelly Bay in Nunavut and White River in Ontario. All projects are at the evaluation stage, with known mineralized Ni-Cu-Co showings at Taylor Brook, Florence Lake and Pelly Bay, and diamondiferous kimberlitic intrusives at White River and Pelly Bay.

The Company was incorporated on April 4, 2017, under the Business Corporations Act (Ontario). Its registered office is located at Suite 505, 133 Richmond Street West, Toronto, Ontario, M5H 2L3. The Company's records office is located at 2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2.

## OUTLOOK

2022 was a pivotal year in the advancement of the Taylor Brook Project for the Company as it aggressively explored the known Ni-Cu-Co mineralization and tested newly developed soil and electromagnetic geophysical targets. At Florence Lake, the soil geochemical survey has been designed to assess the large number of VTEM conductors generated by the airborne electromagnetic survey and results have been encouraging.

With these results in hand the Company is actively planning 2023 field programs which will total $4-5million, to be spent on the Newfoundland and Labrador nickel projects, should funds be available, as described below under *Exploration and Evaluation Assets*.

## 2023 YEAR-TO-DATE HIGHLIGHTS

As of the date of this MD&A, the Company has submitted the following samples to analytical facilities and received and reported results:

1. 153 surface rock channel samples from the Taylor Brook Property to Eastern Analytical Ltd. In Springdale, NL for assays. Two channels comprising two samples each from the Layden Showing assayed 3.23% Ni, 0.75% Cu and 0.06% Co over 1.54m and 1.76% Ni, 0.52% Cu and 0.05% Co respectively (Reported October 11, 2022).

2. Core drilling of 5,888m in 20 holes (holes 14-33 on the project drilled by CRI) in the Layden Intrusive area of the Taylor Brook Property, of which results from the first nine holes to TB22-22 were reported October 11$^{th}$, 2022, and from the final 10 holes on February 13, 2023. Highlights included several shallow intersections assaying as high as 4.49% Ni, 1.24% Cu and 0.08% Co over 1.77m in hole TB22-15, within a larger interval of 2.79% Ni, 0.54% Cu and 0.03% Co over 4.44m, and of the latter holes**,** 1.79%Ni, 0.24%Cu, 0.04%Co / 1.46m from 124.57m in TB22-30.

3. Results from an additional 1,677 soil samples from the Taylor Brook Property collected in October and November 2022 were reported Feb. 13, 2023 along with 1,888 soil samples that were reported on November 9, 2022. This work yielded several areas of anomalous Ni, Cu, Co and Cr that are well away from

the known Layden mineralization but along the intrusive trend, and will be followed up with line-cutting, soil sampling and stripping/washing/channel sampling in Spring/Summer 2023.

4. 106 drainage samples from the Taylor Brook Cormack Property to Overburden Drilling Management Limited in Nepean, Ontario for heavy mineral concentration and examination for sulphide metal and gold grains. This work has generated a target area in the southern two licenses where a here-to-fore unknown mafic to ultramafic intrusive is likely present, which will be followed up in 2023 (Reported November 9, 2022).

5. Results from an additional 524 soil samples from the Florence Lake project were reported Feb. 13, 2023 in addition to the 2,368 soil sample results which were reported November 9$^{th}$, 2022. Numerous Ni, Co, Cr and Mg anomalies were generated from this work including two high nickel samples that required assaying.

All field results from calendar 2022 are now in-hand and reported.

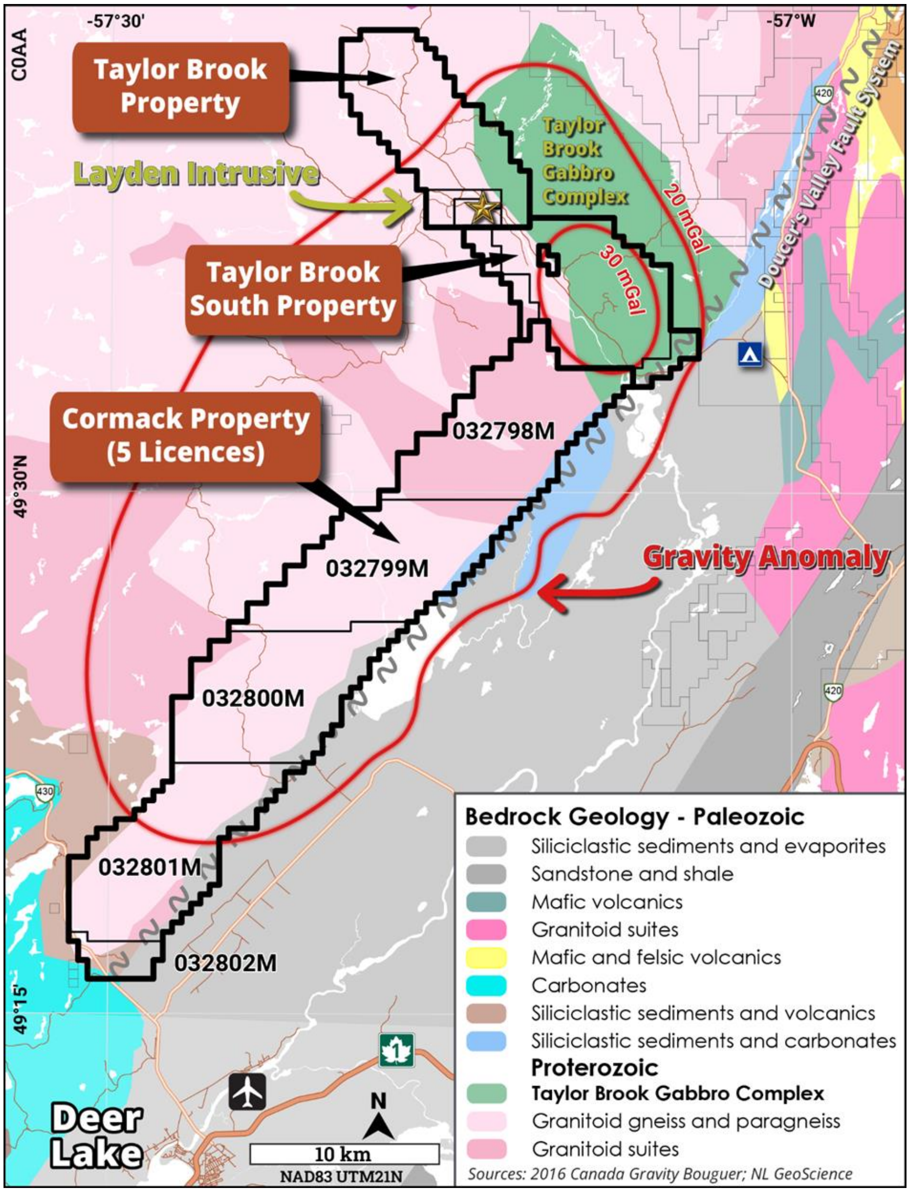
## EXPLORATION AND EVALUATION ASSETS

### Taylor Brook Property, Newfoundland and Labrador

On October 22, 2020, the Company entered into a letter of intent (the "TB LOI") with Altius Resources Inc. ("Altius") to acquire 100% interest of the mining claims (the "TB Claims") known as the Taylor Brook Nickel-Copper-Cobalt Project which is located within the Long-Range Mountains of Western Newfoundland, approximately 60km north-northeast of Deer Lake. The Taylor Brook Ni-Cu-Co-PGE property in Newfoundland has potential for magmatic Ni-Cu-Co deposits i.e., Vale's Voisey's Bay Reid Brook and Eastern Deep ore bodies, Sudbury Offset Dyke Ni-Cu-PGE deposits such as Kelly Lake within the Copper Cliff Offset dyke and Totten and Victoria within the Worthington Offset dyke.

The Taylor Brook Property is comprised of two 100% owned contiguous map-staked licenses containing 226 claims totaling approximately 56.5km$^2$ hectares, which has known high grade Ni-Cu-Co mineralization at surface and shallow drilled depths from work carried out between 1999-2012. In addition, the Company has four map-staked licenses in its name comprising the Taylor Brook South Property (259 claims or 64.75km$^2$) which ties on to the south. As well the Company has five map-staked licenses to the southwest of Taylor Brook at its Cormack Property (1,049 claims or 262.25km$^2$). The Taylor Brook South Property ties up the strike length of the Layden magmatic intrusive as well as the western margin of the very large Taylor Brook Gabbro Complex which are both highly prospective for nickel deposits. The Cormack Property claims were added to the Taylor Brook Project claims in May 2022 as they cover the same continental rift structure that hosts Taylor Brook Gabbro Complex as well as gold deposits further to the north, and is prospective for both nickel and gold deposits.

Collectively the three properties cover the western and southern margins of the Taylor Brook Gabbro Complex as well as major continental rift structures which may also have nickel potential, as per the figure below. A large body of work has been completed on the properties as detailed above, and in the discussion below.




On December 18, 2020 (the "TB Execution Date"), the Company signed an option agreement (the "1st TB Option Agreement") with Altius to acquire 100% interest of the TB Claims. The Company will have the exclusive right for a period of 24 months (the "TB Option Period") to acquire an undivided 100% interest in the TB Claims.

Pursuant to the 1st TB Option Agreement, the Company will:

1) Issue 2,423,180 common shares of Churchill Diamond Corporation ("CDC"), a wholly owned subsidiary of the Company, or such number which is equivalent to 9.9% of the common shares issued and outstanding of CDC (or a resulting issuer company) at the date of issuance, to Altius upon the TB Execution Date (issued on the TB Execution Date with a fair value of $605,795);

2) Incur a minimum of $250,000 in exploration expenditures on the Claims within 12 months following the TB Execution Date (incurred);

3) Complete an equity financing with an amount of at least $1 million with a share price of not less than $0.25 (the "$1M Private Placement") within 12 months following the TB Execution Date (completed);

4) Issue common shares which will result in Altius' post $1M Private Placement ownership at 19.9% based on the common shares issued and outstanding of the Company at the date of issuance, to Altius within 24 months following the TB Execution Date[12];

5) Commencing a transaction that will result in the Company becoming a reporting issuer in at least one province of Canada (the "Going Public Transaction") within 12 months following the TB Execution Date and complete the Going Public Transaction within 24 months following the TB Execution Date (completed); and

6) Enter into an investor rights agreement (the "TB Investor Rights Agreement") with Altius[1].

The TB Investor Rights Agreement will entitle Altius to designate one nominee for the election to the board of directors of the Company and will grant the right to Altius to participate in the Future Financings undertaken by the Company on the same terms which are offered to third parties to subscribe the common shares of the Company to maintain Altius' post Future Financings ownership in the Company at 19.9% of the issued and outstanding common shares of the Company.

On October 18, 2022, the Company announced that it has exercised the option to acquire a 100% interest in the TB Claims by issuing 9,000,000 common shares of the Company to Altius.

On August 30, 2021 (the "2nd TB Execution Date"), the Company entered into two option agreements ("2nd TB Option Agreements") with two optionors on properties adjacent to the known Layden Ni-Cu-Co showings at the Taylor Book Property.

On execution of the 2nd TB Option Agreements, the Company granted a 2.0% Net Smelter Returns royalty ("NSR") to the first optionor, of which 1.0% of the NSR may be purchased by the Company for $1 million.

Pursuant to the 2nd TB Option Agreement with the second optionor, the Company optioned 15 contiguous claims covering a area of 3.75km$^2$ under one mineral license. Under the term of the 2nd TB Option Agreement with the second optionor, the Company will:

- On the 2nd TB Execution Date: $10,000 cash[3] (paid)
- Within 5 days of receipt of regulatory approval: 50,000 common shares (issued; fair value of $14,000)

[1] Altius forfeited the investor rights by electing not to maintain their pro-rata interest following a financing that was completed prior to the completion of the RTO by the Company.
[2] On October 18, 2022, as the Company satisfied all the obligations under the 1st TB Option Agreement, the Company exercised the option to acquire a 100% interest in the TB Claims by issuing 9,000,000 common shares of the Company with a fair value of $1,080,000 to Altius and entering into a Taylor Brook royalty agreement (the "Taylor Brook Royalty Agreement") of which the Company granted a 1.6% royalty to Altius.
[3] The Company selected to satisfy $2,500 by issuing 8,772 common shares of the Company.

- On or before August 30, 2022: $15,000 cash (paid) and 100,000 common shares (issued; fair value of $23,000)
- On or before August 30, 2023: $50,000 cash and 200,000 common shares

On execution of the 2nd TB Option Agreements, the Company granted a 2.0% Net Smelter Returns royalty ("NSR") to the second optionor, of which 1.0% of the NSR may be purchased by the Company for $1 million.

The Company may also satisfy $5,000 and $20,000 of the portion of the remaining cash payments for each option by issuing common shares in lieu of such partial cash payment.

***2022 Fieldwork***

On May 26, 2022 the Company announced that its Phase 2 drilling and exploration program had commenced. Phase 2 work included line cutting and surface large-loop EM surveys, relogging and sampling of historical drill holes, and drilling extensions of 2021 holes for down-hole EM ("BHEM") surveys, ~5,000m of additional drilling at Layden as well as extensive soil sampling along the Layden Intrusive Trend. The Company completed most of this work in September 2022, when the major equipment-related fieldwork entered hiatus to await results and the BHEM surveying work to catch up to the drilling. Crews returned for soil sampling in October and November, with the camp closed up for winter in mid-November.

On October 11, 2022 the Company announced the results from the first nine 2022 drillholes as well as channel sampling, that returned very encouraging high grade nickel intercepts from the Layden Magmatic Intrusive prospect at the Company's Taylor Brook Project in western Newfoundland. Results include:

- 4.49% Ni, 1.24% Cu, 0.078% Co over 1.77m in hole TB22-15
- 3.04% Ni, 0.36% Cu, 0.044% Co over 1.70m in hole TB22-20
- 3.23% Ni, 0.75% Cu, 0.061% Co over 1.54m in Channel Sample 33

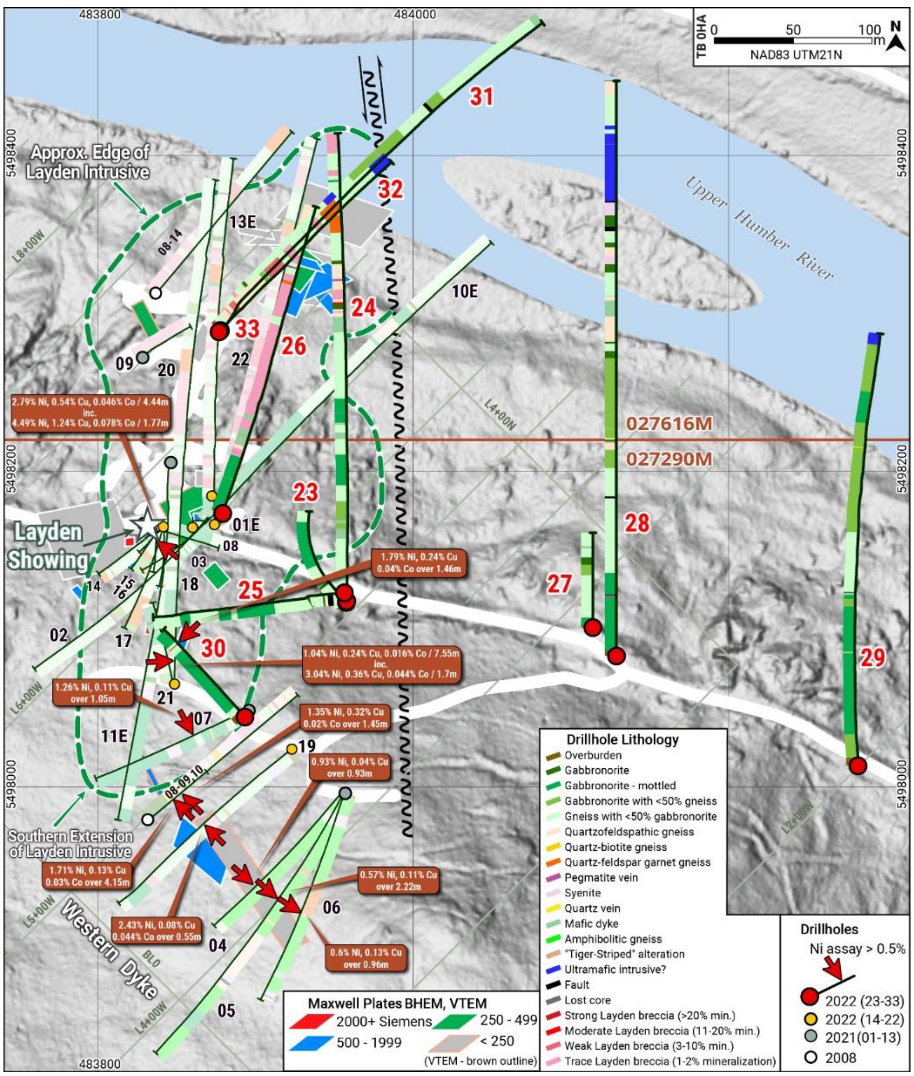
On February 13th, 2023 the balance of the 2022 drill results were announced, with full 2022 results detailed in the table below. Note that all intersections are provided as core lengths, not true widths, which have yet to be determined.

| Hole Name | UTM X | UTM Y | Elevation | Dip | Azimuth | Target | Metres Drilled | EOH (m) | Mineralization |
|---|---|---|---|---|---|---|---|---|---|
| TB21-01E | 483870 | 5498170 | 227.86 | -88 | 220 | Extended for BHEM Surveying | 51 | 253 | not sampled |
| TB21-10E | 483868 | 5498167 | 229.00 | -45 | 45 | Extended for BHEM Surveying | 151 | 352 | not sampled |
| TB21-11E | 483845 | 5498205 | 222.13 | -50 | 181 | Extended for BHEM Surveying | 132 | 349 | not sampled |
| TB21-13E | 483874 | 5498166 | 230.92 | -53 | 360 | Extended for BHEM Surveying | 198 | 379 | not sampled |
| TB22-14 | 483840 | 5498165 | 227.78 | -63 | 229 | BHEM Plate 11-1 | 109 | 109 | missed plate, not sampled |
| TB22-15 | 483840 | 5498165 | 229.40 | -45 | 213 | BHEM Plate 8-1 | 46 | 46 | 1.65%Ni, 0.41%Cu, O.03%Co / 2.35m from 5.2m<br>2.79%Ni, 0.54%Cu, 0.05%Co / 4.44m from 9.58m |
| TB22-16 | 483841 | 5498167 | 229.11 | -82 | 220 | BHEM Plate 12-1 | 166 | 166.3 | missed plate, not sampled |
| TB22-17 | 483842 | 5498165 | 230.60 | -77 | 197 | BHEM Plate 12-1 | 202 | 202 | weak Layden Bx / 48m from 136.45m, locally anomalous in Ni, Cu and Co |
| TB22-18 | 483842 | 5498165 | 230.43 | -77.5 | 180 | BHEM Plate 3-2 | 151 | 151 | missed plate, not sampled |
| TB22-19 | 483923 | 5498024 | 263.05 | -48 | 231 | BHEM Plate 5-1 | 214 | 214 | 2.43%Ni, 0.08%Cu, 0.04%Co / 0.55m from 106m |
| TB22-20 | 483849 | 5498065 | 252.77 | -45 | 0 | Geology - N-S transect Layden Intrusive | 451 | 451 | 1.04%Ni, 0.24%Cu, 0.02%Co / 7.55m from 24.6m |
| TB22-21 | 483847 | 5498066 | 252.77 | -65 | 350 | BHEM Plate 11-2 | 121 | 121 | missed plate, not sampled |
| TB22-22 | 483880 | 5498172 | 224.74 | -51 | 17 | Northern BHEM Plates | 400 | 400 | trace to weak Layden Bx / 368m from 32m, locally anomalous in Ni, Cu and Co |
| TB22-23 | 483950 | 5498100 | 231.19 | -70 | 360 | Geology - SE Margin Layden Intrusive | 193 | 193 | not sampled |
| TB22-24 | 483958 | 5498118 | 231.19 | -45 | 0 | Northern BHEM Plates | 433 | 433 | trace to moderate Layden Bx / 14m from 278.76m, locally anomalous in Ni, Cu & Co |
| TB22-25 | 483950 | 5498100 | 231.19 | -45 | 265 | Geology - SE Layden Intrusive | 175 | 175 | not sampled |
| TB22-26 | 483879 | 5498173 | 226.32 | -60 | 20 | Northern BHEM Plates | 345 | 418 | not sampled |
| TB22-27 | 484114 | 5498101 | 230.90 | -45 | 0 | Geology - Layden Extension to the East | 85 | 85 | not sampled |
| TB22-28 | 484129 | 5498083 | 230.90 | -45 | 0 | Geology - Layden Extension to the East | 516 | 516 | not sampled |
| TB22-29 | 484292 | 5498010 | 219.55 | -50 | 0 | Geology - Layden Extension to the East | 427 | 427 | not sampled |
| TB22-30 | 483892 | 5498047 | 255.48 | -60 | 320 | BHEM Plate 25-1 | 151 | 151 | 1.79%Ni, 0.24%Cu, 0.04% Co / 1.46m from 124.57m |
| TB22-31 | 483872 | 5498289 | 204.05 | -45 | 45 | Northern BHEM Plates | 350 | 350 | not sampled |
| TB22-32 | 483872 | 5498289 | 204.05 | -65 | 45 | Northern BHEM Plates | 350 | 350 | weak to moderate Layden Bx / 150m from 4.86m, locally highly anomalous in Co (0.06%), anomalous in Ni & Cu |
| TB22-33 | 483872 | 5498289 | 204.05 | -90 | 0 | Northern BHEM Plates | 322 | 322 | not sampled |
| | | | | | | | 5739 | | |

CRI defines anomalous as >0.2%Ni, >0.1%Cu and >0.01%Co

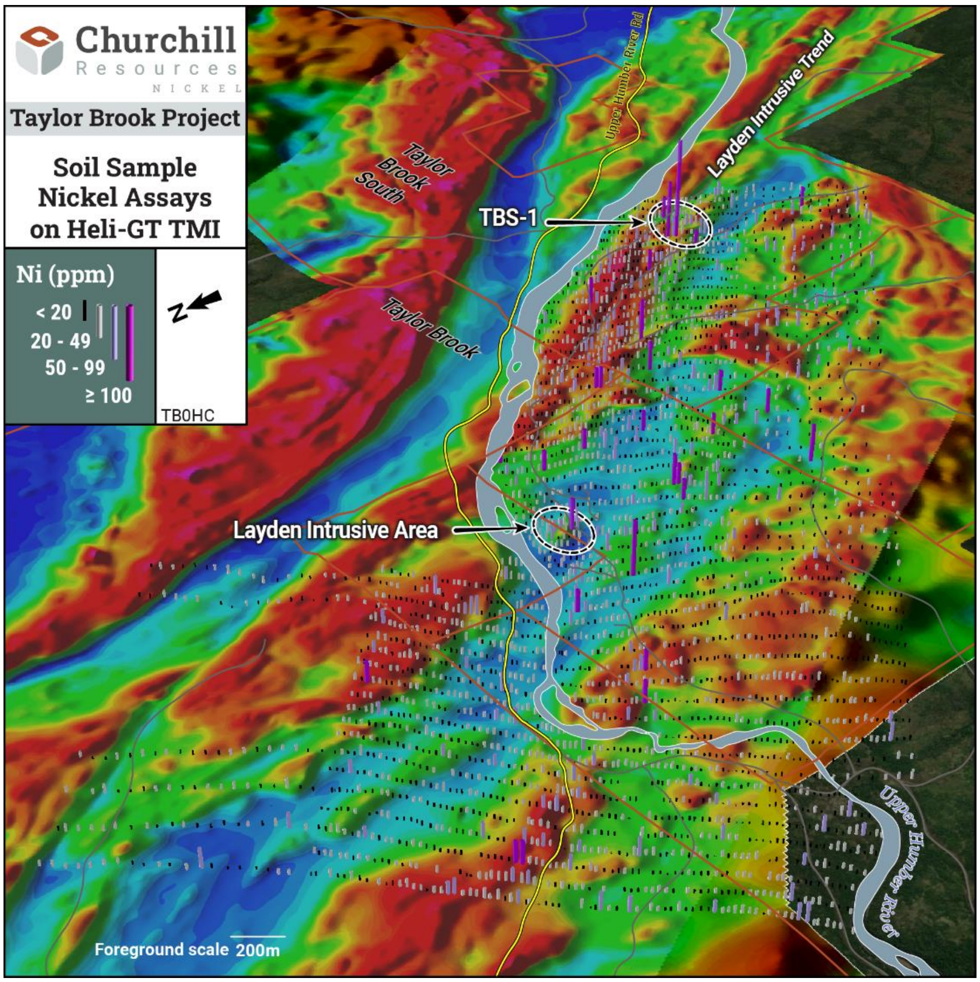
2022 fieldwork at Taylor Brook took both a detailed approach to the outcropping Layden Intrusive, coupled with a regional exploration perspective, assessing the bigger picture including the adjacent Taylor Brook Gabbro Complex which is of a similar age as the nickel-bearing intrusives at Layden, and therefore extending the area of interest to over 10 kilometres of strike. The encouraging grades and nickel tenors (10-14% in drill core and 7-9% in channel samples) encountered at shallow depths (<100m below surface) at both Layden and the Western Dyke are confirming that massive sulphide lenses/pods are present. It is thought that the Western Dyke may represent a feeder to the Layden Intrusive, as they appear to merge based on the 2022 drilling and mapping which confirmed a southern extension to the host gabbronorite body, per the figure below.

The Company's Phase 2 Exploration program up to the date of this MD&A totaled 5,739m of drilling in twenty new holes as well as extensions of four 2021 holes. Virtually every hole was surveyed utilizing BHEM and Televiewer equipment to identify conductors and assist in the 3-D geological interpretation. Other work completed as part of Phase 2 included a high-resolution airborne magnetic survey, surface TDEM surveys and the channel, soil and heavy mineral sampling programs detailed above.



***2023 Planned Fieldwork***

The Company is currently engaged in compiling and writing a comprehensive NI 43-101 technical report on all past and current work on the Taylor Brook Project, using independent experts. Work for 2023 is likely to take the form of more drilling below the high-grade intersections at the outcropping Layden magnetic intrusive, as well as completing the soil geochemical sampling program along Layden trend towards the South Lobe of the Taylor Brook Gabbro Complex. The TBS-1 anomaly has had line-cutting completed in November 2022 to create better access, and is of high priority in that the two highest Ni assay soil samples thus far are located here, 50m apart and along the Layden Intrusive Trend. Detailed follow-up work here will likely include prospecting, stripping/washing of outcrops and channel sampling. It is anticipated that drilling and BHEM surveys would follow on successful follow-up at TBS-1 and other anomalies generated in 2023 along the Layden Trend. Access is good with logging roads along the majority of the trend, and drill pads already permitted.




As of February 28, 2023, the Company has incurred $4,987,958 in exploration and evaluation costs on the property, including Phase 2 costs as well as work done on the Taylor Brook Cormack Property.

## Florence Lake Property, Newfoundland and Labrador

On June 24, 2021, the Company entered into a binding letter of intent (the "FL LOI") with Altius to acquire a 100% undivided interest in certain mining claims (the "FL Claims") comprising the Florence Lake Ni-Cu-PGE property in central Labrador near the coastal community of Hopedale and 175km south of the Voisey's Bay mine (the "Florence Lake Property"). The Florence Lake Property is host to several Raglan-type ultramafic volcanic-hosted massive and disseminated sulphide nickel showings with drill core present on the property for relogging and sampling.

On July 23, 2021 (the "FL Execution Date"), the Company entered into a definite option agreement (the "FL Option Agreement") with Altius to acquire 100% undivided interest in certain mining claims comprising the Florence Lake Property. The Company will have the exclusive option for a period of 24 months (the "FL Option Period") to acquire an undivided 100% ownership interest in the Florence Lake Property.

Pursuant to the terms (the "FL terms") of the FL Option Agreement, the Company will:

- Issue 1,373,946 common shares of the Company to Altius (issued with a fair value of $233,571 on the FL Execution Date);
- Incur a minimum of $1,500,000 in exploration expenditures within 12 months following the FL Execution Date[4];
- Complete an equity financing with an amount of at least $4 million (the "$4M Private Placement") (completed);
- Issue the lesser of 7,000,000 common shares or a number of shares which will not constitute Altius owning more than 19.9% of the issued and outstanding common shares of the Company on a partially diluted basis immediately after the issuance;
- Provide Altius with a nomination right to elect one nominee to the board of directors of the Company until such time that Altius beneficially owns less than 9.9% of the common shares of the Company; and
- Provide Altius with a pre-emptive right to participate in the future financings undertaken by the Company on the same terms which are offered to third parties to subscribe the common shares of the Company to maintain Altius' post future financings ownership in the Company at 19.9% of the issued and outstanding common shares of the Company until such time that Altius beneficially owns less than 9.9% of the issued and outstanding common shares of the Company.

Upon the option being deemed to have been exercised in accordance with the FL Terms, the Company will grant to Altius a 1.6% gross sales royalty on any minerals produced from the claims comprising the Florence Lake Property. As of February 28, 20223, the Company did not elect to exercise the option.

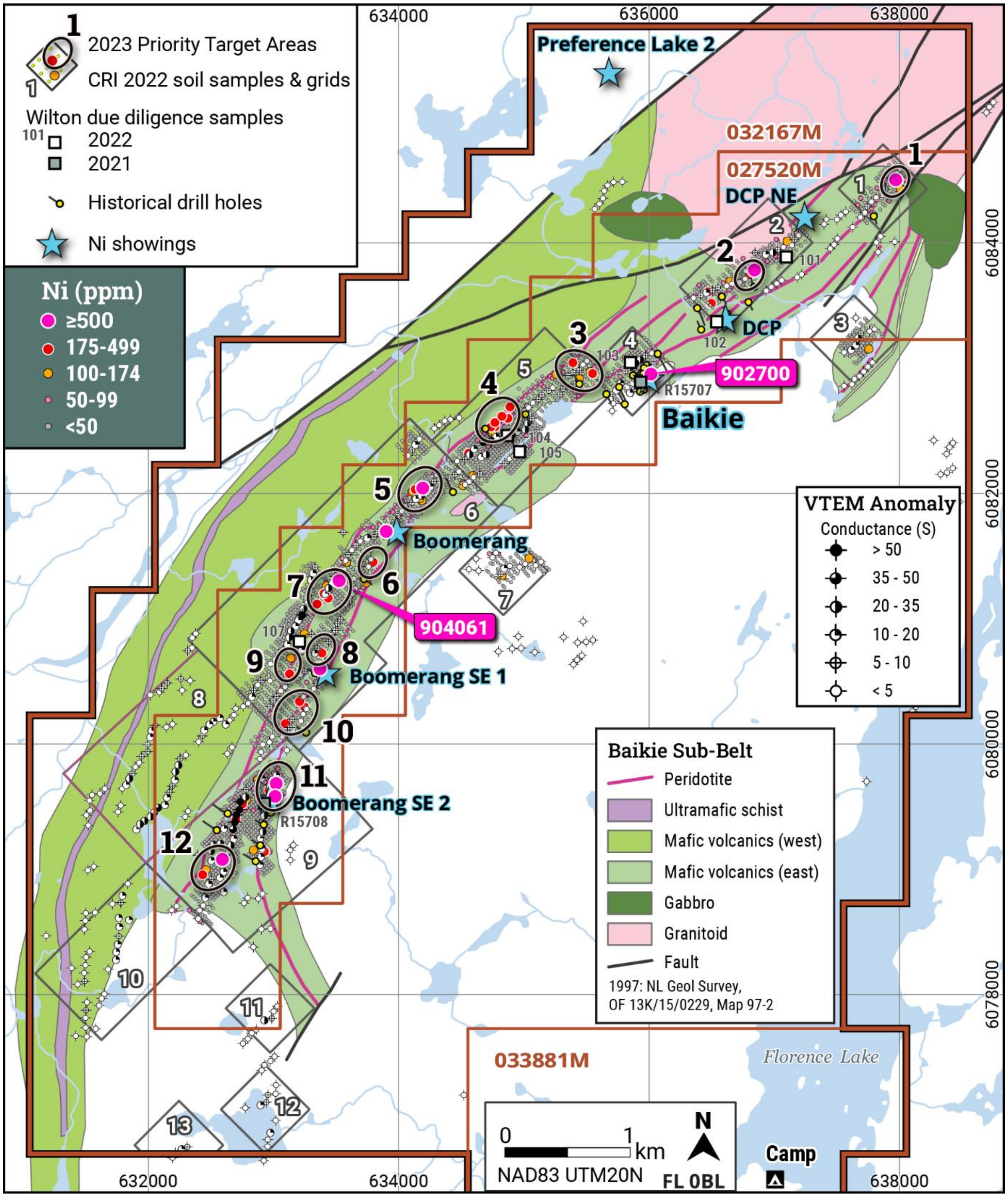
During the year ended August 31, 2022, the Company made a reclamation deposit of $5,000 for the Florence Lake Property.

The Florence Lake Property is comprised of four map-staked licenses, with the northern Florence Lake Block comprising Licenses 027520M (50 claims) and 032167M (151 claims) totaling 5,025ha or 50.25km$^2$. The southern Seahorse Lake Block is comprised of license 032231M containing 172 claims which cover 4,300ha or 43km$^2$. The two Altius blocks are joined by Churchill license 033881M containing 43 claims which covers Florence Lake and the area the camp will be constructed.

On November 9, 2022, the Company announced the results for 2,346 soil samples, and on February 13th, 2023 the results for the balance of 524 samples. The figure below presents B-horizon soil sample results for Nickel along with conductor axes, nickel showing locations and past drilling. Highlights include two samples requiring follow-up assays, of which sample 902700 located ~35m from the known Baikie Showing returned 1.0% Ni along with highly anomalous Co, Cu and Cr values. Sample 904061 returned 0.16% Ni and similarly highly anomalous Co, Cu and Cr

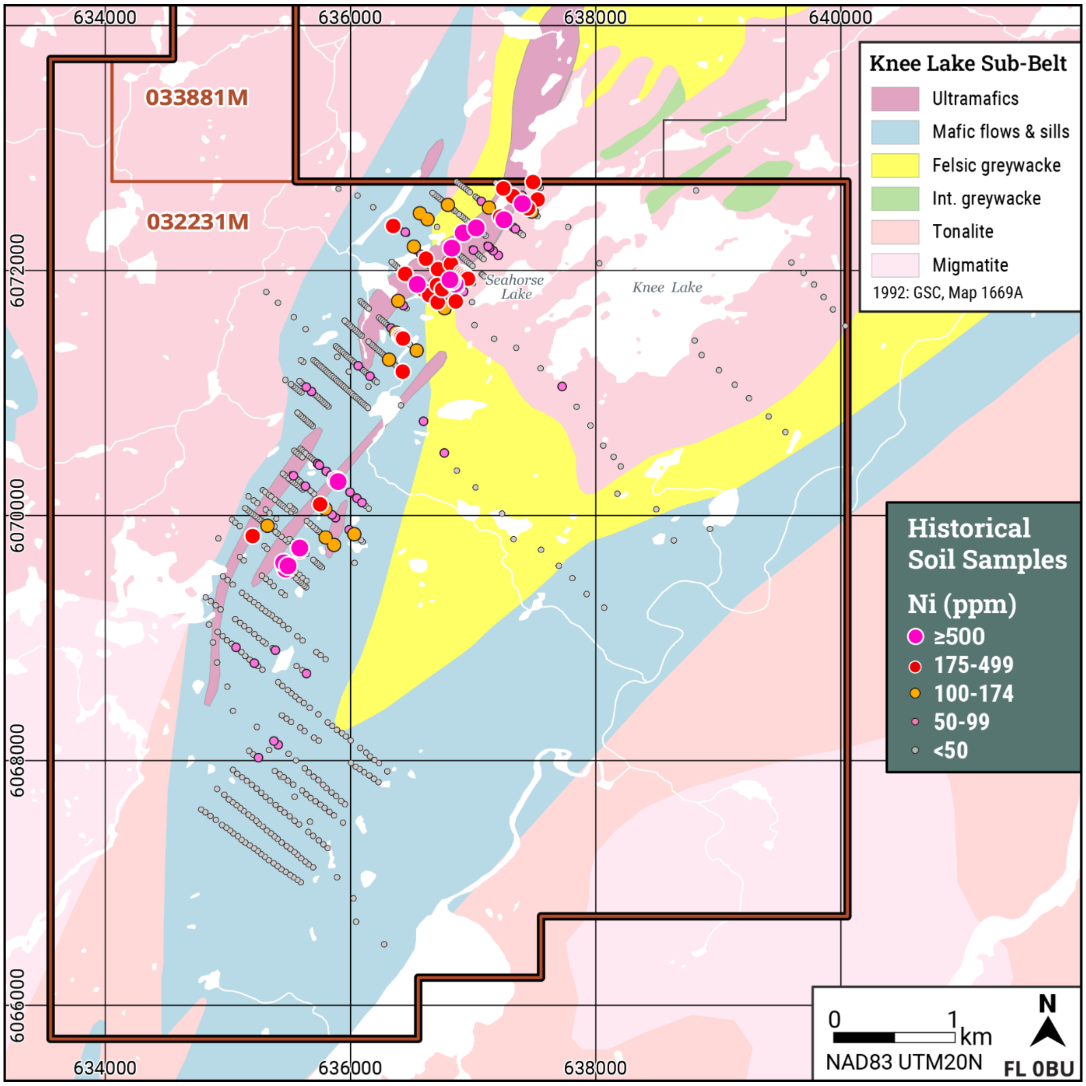
[4] The Company is currently working with Altius for an extended term.

values, and is in an unexplored area of the property with a strong coincident EM response. The Company is particularly encouraged by the anomalous results being seen over its newly identified extensive conductor trends.




As of February 28th, 2023, the Company has incurred $1,194,054 in exploration and evaluation costs on the property. The Company is planning for the proposed 2023 exploration program which will include a camp on the Florence Lake Property.

Compilations of past work on the Southern Block of the Florence Lake Property has outlined further nickel anomalies within soil samples, in the Seahorse Lake area where ultramafic volcanics have been mapped per the figure below.




***2023 Planned Fieldwork***

The Company is currently engaged in compiling and writing a comprehensive NI 43-101 technical report on all past and current work on the Florence Lake Property, using independent experts. Fieldwork in 2023 is planned to take the form of airborne prospecting and ground geophysics over new soil, rock and VTEM targets during the early Summer months following commission of the field camp on Florence Lake. The remaining soil sampling to complete the coverage on the North Block, and to assess the South Block, will follow in the summer. Airborne geophysical surveys (Heli-GT detailed gradiometer magnetics on the North Block, TDEM on the South Block, LiDAR over the entire property) will be scheduled towards the end of the season in mid-October. As well, the Company will continue to plan on mounting a late summer drilling program on the project, based on the results of all 2023 work to that point, should funds be available.

## Pelly Bay Property, Nunavut

The Pelly Bay Property is located in central Nunavut, Canada. The Company has a 100% interest in all claims of the Pelly Bay Property.

Adamera Minerals Corp. ("Adamera"), the original owner of the project database purchased by the Company, retains a 2% Gross Over-riding Royalty ("GOR") on all diamonds mined in a specific Area of Interest, of which 1% can be purchased by the Company not later than within the first year of production, for $1,000,000. Adamera also retains a 2% GOR on all other commodities mined in the Area of Interest, under the same terms.

The Pelly Bay Property claims are currently suspended as per Nunavut Mining Regulations policies as the Company awaits the approval of the Water Permit from the Nunavut Water Board, which is still pending as of February 28, 2023. Assessment requirements upon re-activation of the claims at the Company's request following resolution of the water permit issue will total $1,707,500 in qualified work expenditures, or cash fees, to keep all claims in good standing to July 24, 2023, should the claims be activated at the Company's request following receipt of the water permit. Work or charges for each subsequent year from July 24, 2023, due annually on July 24th, is $853,750 per year, assuming the entire property is retained.

As the Company has not received the approval of the Water Permit from the Nunavut Water Board, during the year ended August 31, 2021, the Company decided to impair the evaluation and exploration assets by $407,144 to a nominal amount of $1.

During the year ended August 31, 2022, the Company incurred $47,803 in geological consulting services provided by an arms-length company for the Pelly Bay Property.

## White River Property, Ontario

On February 9, 2017, the Company entered into an earn-in agreement with Rudolf Wahl and Frederick Lowndes (collectively, the "Vendors") on the White River property ("White River").

Pursuant to the agreement, the Company can acquire up to a 100% interest in White River by making the following payments:

- Upon signing the agreement: $40,000 cash (paid)
- Upon regulatory approval: 350,000 common shares (issued; fair value of $87,500)
- On or before February 9, 2018: $30,000 cash (paid) and 500,000 common shares (issued; fair value of $125,000)
- On or before February 9, 2019: $30,000 cash (paid) and 500,000 common shares (issued; fair value of $125,000)
- On or before February 9, 2020: $30,000 cash (paid) and 500,000 common shares (issued; fair value of $125,000)
- On or before February 9, 2021: $30,000 cash (paid) and 500,000 common shares (issued; fair value of $125,000)
- On or before February 9, 2022: $50,000 cash (paid) and 500,000 common shares (issued; fair value of $90,000)

The Company is also required to incur a minimum of $1,000,000 in exploration work at White River by February, 2024, as amended on May 18, 2021, of which $72,000 is required to be incurred by February, 2018 (incurred). As of August 31, 2022, the Company incurred qualified exploration expenditures of $665,410 on the White River Property such that all claims are in good standing.

The Vendors retains a 3% GOR on all diamonds mined at White River, of which 1.5% can be purchased by the Company at any time for $2,000,000. The Vendors will also retain a 2% GOR on all other commodities mined at White River, of which 1% can be purchased by the Company at any time for $1,000,000.

During the year ended August 31, 2021, the Company decided to impair the evaluation and exploration assets by $845,928 to a nominal amount of $1 due to management's decision not to conduct any significant work in the near future.

Per the agreement, during the year ended August 31, 2022, the Company made a cash payment of $50,000 and issued 500,000 common shares with a fair value of $90,000. These amounts were capitalized as exploration and evaluation costs. In connection with the impairment decision made during the year ended August 31, 2021, these amounts were subsequently written off to the statement of loss and comprehensive loss.

On March 6th, 2023 the Company announced that it had earned 100% of the White River Property when the vendors assigned their claims to Churchill Diamond Corporation. The Company issued 650,000 shares to the vendors in satisfaction of the $50,000.00 advance royalty that became due upon exercising the option.

## Exploration and evaluation costs

The Company's exploration and evaluation costs during the six months ended February 28, 2023 are broken down as follows:

### *Exploration and evaluation assets*

| | Taylor Brook<br>$ | Florence Lake<br>$ | Others<br>$ | TOTAL<br>$ |
|---|---|---|---|---|
| **Balance as of August 31, 2022** | **752,230** | **236,366** | **1,420** | **990,016** |
| **Acquisition costs** | | | | |
| - cash | 30,000 | - | - | **30,000** |
| - shares | 1,080,000 | - | - | **1,080,000** |
| | **1,110,000** | **-** | **-** | **1,110,000** |
| **Staking fees** | 8,600 | - | - | **8,600** |
| **Balance as of February 28, 2023** | **1,870,830** | **236,366** | **1,420** | **2,108,616** |

### *Exploration and evaluation expenses*

| | Taylor Brook<br>$ | Florence Lake<br>$ | TOTAL<br>$ |
|---|---|---|---|
| **For the six months ended February 28, 2023** | | | |
| Consulting | 295,922 | 72,872 | 368,794 |
| Drilling | 147,671 | - | 147,671 |
| Equipment rental | 46,228 | 8,385 | 54,613 |
| Field work | 1,334 | 131,846 | 133,180 |
| Helicopter | - | 213,761 | 213,761 |
| Line cutting | 14,804 | - | 14,804 |
| Mapping | 1,650 | - | 1,650 |
| Recovery | (14,500) | - | (14,500) |
| Salaries and wages | 14,400 | - | 14,400 |

| | | | |
|---|---|---|---|
| Sample | 105,186 | 127,285 | 232,471 |
| Survey | 98,070 | - | 98,070 |
| Travel | 108,148 | 27,348 | 135,496 |
| | **818,913** | **581,497** | **1,400,410** |

## Qualified Person

Paul Sobie, P.Geo., the Company's Chief Executive Officer, is the Qualified Person, as defined by National Instrument 43-101 (NI 43-101), who has reviewed and approved the technical information disclosed in this MD&A.

## SUMMARY OF QUARTERLY INFORMATION

The quarterly results for the last eight quarters are summarized below:

| | Three months ended | | | |
|---|---|---|---|---|
| | **February 28, 2023** | **November 30, 2022** | **August 31, 2022** | **May 31, 2022** |
| | **$** | **$** | **$** | **$** |
| Net loss | (510,421) | (1,153,251) | (2,416,231) | (944,689) |
| Comprehensive loss | (510,421) | (1,153,251) | (2,416,231) | (944,689) |
| Loss per share (basic and diluted) | (0.01) | (0.02) | (0.05) | (0.02) |

| | Three months ended | | | |
|---|---|---|---|---|
| | **February 28, 2022** | **November 30, 2021** | **August 31, 2021** | **May 31, 2021** |
| | **$** | **$** | **$** | **$** |
| Net loss | (584,732) | (931,114) | (3,230,408) | (356,816) |
| Comprehensive loss | (584,732) | (931,114) | (3,230,408) | (356,816) |
| Loss per share (basic and diluted) | (0.01) | (0.02) | (0.09) | (0.02) |

## SELECTED INFORMATION

| | For the three months ended | | |
|---|---|---|---|
| | **February 28, 2023** | **February 28, 2022** | **February 28, 2021** |
| | **$** | **$** | **$** |
| Net loss | (510,421) | (584,732) | (328,679) |
| Comprehensive loss | (510,421) | (584,732) | (328,679) |
| Basic and diluted loss per share | (0.01) | (0.01) | (0.03) |

| ***As at:*** | **February 28, 2023** | **August 31, 2022** | **August 31, 2021** |
|---|---|---|---|
| | **$** | **$** | **$** |
| Working capital (deficiency) | 503,813 | 1,817,850 | 1,984,562 |
| Total assets | 3,008,390 | 3,661,025 | 3,824,908 |
| Total liabilities | 390,961 | 836,476 | 949,494 |
| Share capital | 13,679,345 | 12,234,760 | 8,507,960 |
| Deficit | (12,629,499) | (10,965,827) | (6,089,061) |

## RESULTS OF OPERATIONS

### Three months ended February 28, 2023

During the three months ended February 28, 2023, the Company recorded a net loss of $510,421 compared to $584,732 for the three months ended February 28, 2022.

During the three months ended February 28, 2023, the Company incurred the following significant expenditures:

- Exploration and evaluation costs of $283,153 (February 28, 2022 – $339,063);
- General and administrative costs of $44,621 (February 28, 2022 – $21,358);
- Professional fees of $166,661 (February 28, 2022 – $128,911);
- Share-based payments of $nil (February 28, 2022 – $27,732); and
- Shareholder information and investor relations of $48,287 (February 28, 2022 – $76,086).

In addition, during the three months ended February 28, 2023, the Company recorded other income of $31,684 (February 28, 2022 - $123,031) related to the settlement of eligible exploration expenditures from the issuance of the flow-through shares.

### Six months ended February 28, 2023

During the six months ended February 28, 2023, the Company recorded a net loss of $1,663,672 compared to $1,515,846 for the six months ended February 28, 2022.

During the six months ended February 28, 2023, the Company incurred the following significant expenditures:

- Exploration and evaluation costs of $1,400,410 (February 28, 2022 – $1,177,424);
- General and administrative costs of $64,383 (February 28, 2022 – $29,611);
- Professional fees of $230,693 (February 28, 2022 – $211,004);
- Share-based payments of $110 (February 28, 2022 – $81,902); and
- Shareholder information and investor relations of $82,450 (February 28, 2022 – $163,890).

In addition, during the six months ended February 28, 2023, the Company recorded other income of $116,111 (February 28, 2022 - $294,356) related to the settlement of eligible exploration expenditures from the issuance of the flow-through shares.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's activities have been funded through equity financings and the Company expects it will continue to be able to utilize this source of financing until it develops cash flow from future operations.

There can be no assurances the Company will be successful in its endeavors. If such funds are not available or other sources of finance cannot be obtained then the Company will be forced to curtail its activities to a level for which funding is available or can be obtained.

As of February 28, 2023, the Company has working capital of $503,813 (August 31, 2022 - $1,817,850).

## OUTSTANDING SHARE DATA

### Share Capital

***Authorized***

Unlimited number of common shares without par value.

***Issued share capital***

At February 28, 2023 the Company had 73,371,053 (August 31, 2022 – 59,736,883) common shares issued and outstanding.

***Escrow shares***

On August 13, 2018, the Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release as follows:

- June 16, 2021: 1,205,883 common shares (released)
- December 16, 2021: 1,205,883 common shares (released)
- June 16, 2022: 1,205,883 common shares (released)
- December 16, 2022: 1,205,884 common shares (released)

On June 16, 2021, the Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release as follows:

- June 16, 2021: 1,001,680 common shares (released)
- December 16, 2021: 1,349,827 common shares (released)
- June 16, 2022: 1,655,212 common shares (released)
- December 16, 2022: 1,655,212 common shares (released)
- June 16, 2023: 1,960,596 common shares
- December 16, 2023: 1,960,597 common shares
- June 16, 2024: 3,487,521 common shares

As of February 28, 2023, there were 7,408,714 common shares held in escrow (August 31, 2022 – 10,269,810).

***During the six months ended February 28, 2023***

- On October 18, 2022, the Company exercised the option to acquire a 100% interest in the TB Claims by issuing 9,000,000 common shares of the Company to Altius.

- On December 30, 2022, the Company completed a non-brokered private placement (the "2022 Financings") of 4,634,170 flow-through units ("2022 FT Unit") at a price of $0.15 for gross proceeds of $695,000. Each 2022 FT Unit consisted of one common share of the Company issued as a flow-through share within the meaning of the Income Tax Act (Canada) ("FT Share") and one half of one common share purchase warrant (each whole warrant, a "2022 Warrant"). Each 2022 Warrant will entitle the holder thereof to purchase one common share of the Company at a price of $0.22 for a period of 24 months.

As of the date of this MDA, the Company had:

- 73,371,053 common shares issued and outstanding (10,269,810 shares are in escrow);
- 11,438,189 warrants with an exercise price of $0.15 to $0.48; and
- 4,800,000 stock options with an exercise price ranging from $0.25 to $0.30.

## RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Key management includes executive officers and directors.

The transactions related to and the compensation paid to the Company's key management personnel during the six months ended February 28, 2023 and 2022 are as follows:

- The Company incurred the following expenses to a consulting firm of which the Company's Chief Executive Officer is the owner:

  - Professional fees of $60,000 (February 28, 2022 – $63,926);
  - Exploration and evaluation expenses of $69,390 (February 28, 2022 – $63,926); and
  - Rent expenses of $16,100 (February 28, 2022 – Lease payments of $9,240).

  As of February 28, 2023, $44,016 (August 31, 2022 – $55,996) was owed to companies controlled by the Chief Executive Officer.

  The Company incurred professional fees of $31,394 (February 28, 2022 – $45,496) with an accounting firm of which the Company's Chief Financial Officer is a partner. As at February 28, 2023, $nil (August 31, 2022 – $4,778) was owed to this partnership.

## OTHER COMMITMENTS

The Company periodically issues flow-through shares with any resulting flow-through premium recorded as a flow-through share premium liability. The liability is subsequently reduced when the required exploration expenditures are made, and accordingly, a recovery of the flow-through premium is recorded as other income.

Based on Canadian tax law, the Company is required to spend the proceeds from the issuance of the flow-through shares on eligible exploration expenditures within two years from the date of issuance. If the Company is unable to meet this deadline, it will be subject to Part XII.6 taxes in accordance with the Canadian Income Tax Act.

A continuity of the flow-through share premium liability is as follows:

| | $ |
|---|---|
| **Balance as of August 31, 2022** | **84,427** |
| Liability incurred on flow-through shares issued | 254,879 |
| Settlement on expenditures made recorded as other income | (121,027) |
| **Balance as of February 28, 2023** | **218,279** |

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of our financial statements requires management to use judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could materially differ from these estimates. Refer to note 2 of our annual audited financial statements for the year ended August 31, 2022 for a more detailed discussion of the critical accounting estimates and judgments.

## ADOPTION OF NEW AND AMENDED IFRS PRONOUNCEMENTS

There were no new or amended IFRS pronouncements effective September 1, 2022 that impacted the Company's unaudited condensed consolidated interim financial statements for the six months ended February 28, 2023.

## FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in various tables in note 10 of our unaudited condensed consolidated interim financial statements for the six months ended February 28, 2023. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2 of the financial statements for the year ended August 31, 2022.

## RISKS AND UNCERTAINTIES

To the date of this MD&A, except for the possible impact from COVID-19 mentioned above, there have been no significant changes to the risk factors set out in the Company's filing statement dated June 7, 2021, which is available on www.sedar.com.