

PKS CAPITAL CORP.

MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended February 28, 2021

PKS CAPITAL CORP.

Management Discussion & Analysis
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1.1 Date

This Management Discussion and Analysis ("MD&A") of PKS Capital Corp. ("PKS" or the "Company") has been prepared by management as of June 23, 2021 and should be read in conjunction with the audited financial statements and related notes thereto of the Company as at and for the years ended February 28, 2021 and February 29, 2020, which was prepared in accordance with International Accounting Standards using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC").

This MD&A contains forward-looking information which reflects management's expectations regarding the Company's growth, results of operation, performance and business prospects and opportunities. The use of words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "outlook", "forecast" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements in this MD&A include, but not limited to, the Company's expectation of future activities and results, of its working capital needs and its ability to identify, evaluate and pursue suitable business opportunity. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results of events to differ materially from those anticipated in these forward-looking statements. Readers should not put undue reliance on forward-looking information.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

1.2 Over-all Performance

The Company was incorporated under the laws of the Province of British Columbia on January 29, 2019. The Company is a Capital Pool Company ("CPC") as its principal business is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT") in accordance with Policy 2.4 of the TSX Venture Exchange ("Exchange").

On August 15, 2019, the Company completed its Initial Public Offering ("IPO") on the Exchange raising \$250,000 through the issuance of 2,500,000 common shares of the Company at \$0.10 per share. The Company's common shares were approved for listing on the Exchange and commenced trading effective August 19, 2019 under the symbol "PKS.P".

On August 7, 2020, the Company entered into a share exchange agreement ("SEA") with Horizon Gold Ltd. ("Horizon Gold"), whereby the Company will acquire 100% of Horizon Gold by way of business combination. Horizon Gold is a company incorporated in the United Kingdom, focused on gold exploration in mineral-rich Sweden.

The acquisition will constitute its qualifying transaction, as such term is defined in the Policy 2.4, Capital Pool Companies, of the Exchange. The company, upon completion of the acquisition, expects to change its name to Horizon Gold Corp. or such other name as may be approved by the Company and Horizon Gold, such entity to be referred to herein as the resulting issuer. See *1.11 Proposed Transactions*.

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. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. There can be no assurance that the Company will not be impacted by adverse

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consequences that may be brought about by the pandemic's impact on its business, results of operations, financial position and cash flows in the future.

The Company has not commenced operations and has no assets other than cash, short-term investment in GIC and prepaid expenses. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and in the case of a non-arms' length transaction, of the majority of the minority shareholders.

1.3 Selected Annual Information

	Year Ended February 28, 2021	Year Ended February 29, 2020	Date of Incorporation (January 29, 2019) to February 28, 2019
Net Loss	\$ (116,906)	\$ (120,541)	\$ (14,480)
Loss per share	\$ (0.03)	\$ (0.09)	\$ (0.01)
Total assets	\$ 203,683	\$ 245,032	\$ 137,492
Total long-term liabilities	Nil	Nil	Nil
Cash dividends declared per share for each class of share	Nil	Nil	Nil

1.4 Results of Operations

Years ended February 28, 2021 and February 29, 2020

During the year ended February 28, 2021, the Company reported a net loss of \$116,906 or \$0.03 per share compared to a net loss of \$120,541 or \$0.09 per share for the year ended February 29, 2020, a decrease in net loss of \$3,635.

The overall decrease in net loss of \$3,635 was primarily due to a decrease in stock-based compensation of \$47,687 as there were no stock options granted during the current fiscal year while in fiscal 2020, the Company granted 515,000 stock options to directors and officers of the Company and recognized \$47,687 in stock-based compensation. Offsetting this decrease was an increase in professional fees of \$46,260 as the Company engaged its auditor to review its interim financial statements and retained legal services in connection to the Company's QT with Horizon Gold.

The Company accrued interest of \$1,274 (2020 - \$657) on its short term redeemable GIC investment of \$200,000 (February 29, 2020 - \$200,000). The investment matures within one year and yields a variable interest rate of 0.75% per annum. The counter-party is a financial institution.

Administrative fees incurred pursuant to the Company's administrative services agreement with Varshney Capital Corp. ("VCC") See 1.9 Transactions with Related Parties.

Three months ended February 28, 2021 and February 29, 2020

During the three months ended February 28, 2021, the Company reported a net loss of \$16,367 or \$0.00 per share compared to the net loss of \$1,151 or \$0.00 per share for the fourth quarter of fiscal 2020, an increase in loss of \$15,216. The increase in loss was due to the Company's credit balance in professional fees which resulted from reclassification adjustments during the three months ended February 29, 2020.

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The Company accrued interest of \$370 (2019 - \$623) on its short term redeemable GIC investment of \$200,000 (February 29, 2020 - \$200,000).

1.5 Summary of Quarterly Results

The following is a summary of financial information concerning the Company for each of the reported quarters since its incorporation.

Quarter ended	Loss	Loss per share
February 28, 2021	\$ (16,367)	\$ (0.00)(*)
November 30, 2020	\$ (21,125)	\$ (0.01)(*)
August 31, 2020	\$ (71,999)	\$ (0.02)(*)
May 31, 2020	\$ (7,415)	\$ (0.00)(*)
February 29, 2020	\$ (1,151)	\$ (0.00)(*)
November 30, 2019	\$ (5,551)	\$ (0.00)(*)
August 31, 2019	\$ (84,866)	\$ (0.20)(*)
May 31, 2019	\$ (28,973)	\$ (0.01)

(*) 2,650,000 seed shares issued to directors and officers of the Company prior to the completion of the IPO were placed into an escrow. The escrow shares are not included in the calculation of the weighted average number of common shares outstanding during the reporting period for the purpose of computing the loss per share.

During the quarter ended August 31, 2019, the loss increased significantly as the Company recognized share based compensation expense on stock options granted and increased legal services provided in connection to the Company's IPO.

During the quarter ended August 31, 2020, the loss increase significantly due to legal services rendered and regulatory filings fees incurred in connection to the Company's QT with Horizon Gold.

1.6 Liquidity and Capital Resources

During the year ended February 28, 2021, the Company reported a working capital of \$209,607 (February 29, 2020 - \$224,302) consisting of cash and cash equivalents of \$226,133 (February 29, 2020 - \$244,393), prepaid expenses of \$4,550 (February 29, 2020 - \$639), less trade payables and accrued liabilities of \$21,076 (February 29, 2020 - \$20,730).

The cash disbursements were primarily related to legal fees associated with the Company's QT, monthly administrative service fees and regulatory and transfer agent fees.

During the year ended February 28, 2021, the Company completed a non-brokered private placement of 1,100,000 common shares at a price of \$0.10 per common shares for gross proceeds of \$110,000. The Company paid \$6,000 and issued 60,000 finder's warrants as finder's fees and paid \$1,789 in share issuance costs in connection to this private placement.

A concurrent private placement financing will be held in connection to the proposed qualifying transaction. See 1.11 *Proposed Transactions*.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern with a view of completing its QT. The Company will have no revenue, and significant expenses are expected in the process of identification and acquisition of qualifying asset.

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The Company may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing, subject to the Exchange policies and approval.

There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

1.7 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

1.8 Risk and Uncertainties

The Company's financial performance is likely to be subject to the following risks:

- Although management of the Company is working diligently to complete the QT, there is no assurance that a QT will be entered into nor completed.
- The Company was recently incorporated, has not commenced commercial operations, has not generated any revenue and has no assets other than cash and prepaid regulatory fees.
- Until completion of a QT, the Company is not permitted to carry on any business other than the identification and evaluation of potential QTs.
- The Company has limited funds, with which to identify, evaluate and complete a potential QT and continue its business operations.
- Completion of the QT is subject to a number of conditions including acceptance by the Exchange, securities regulatory authorities and the shareholders' approval, if required.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk. The Company's cash and cash equivalents include cash and cashable term deposits with maturities of twelve months or less, which are held in accounts with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

Management believes the Company has sufficient working capital to cover its general and administrative expenses in the process of identifying, evaluating and completing its QT. As at February 28, 2021, the Company's current assets consisted of \$25,060 (February 29, 2020 - \$43,736) in cash, \$201,073 (February 29, 2020 - \$200,657) in a redeemable GIC investment and prepaid expenses of \$4,550 (February 29, 2020 - \$639). The Company's current liabilities consisted of trade payable and accrued liabilities of \$21,076 (February 29, 2020 - \$20,730). The Company's trade payables and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

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Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company is not exposed to significant interest rate risk.

(b) Foreign currency risk

The Company currently does not have assets or liabilities in a foreign currency, and, therefore, is not exposed to foreign currency risk.

(c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company is not exposed to significant price risk.

1.9 Transactions with Related Parties

On February 1, 2019, the Company entered into a rent and administrative services agreement with Varshney Capital Corp. ("VCC"), a company with two directors in common, for office rent and administrative services provided to the Company on a month to month basis in exchange for a monthly fee of \$1,250 plus taxes.

During the year ended February 28, 2021, the Company incurred and paid \$15,750 (February 29, 2020 - \$15,750) for rent and administrative fees to VCC.

As at February 28, 2021, \$6,256 (February 29, 2020 - \$Nil) was owed to a director of the Company for reimbursement of legal and regulatory fees paid on behalf of the Company. This amount was included in trade payables and accrued liabilities.

During the year ended February 28, 2021, the Company recognized \$Nil (February 29, 2020 - \$47,687) in stock-based compensation expense for the 515,000 stock options granted to its directors and officers.

1.10 Fourth Quarter

During the fourth quarter ended February 28, 2021, the Company accrued \$8,000 in year-end audit fees and \$213 in legal expenses.

The Company continues to work on completing the QT with Horizon Gold.

1.11 Proposed Transactions

Pursuant to the SEA, the Horizon Shareholders will sell, transfer and convey their ordinary shares of Horizon ("Horizon Shares") in consideration for the issuance of 20,600,000 common shares of the Resulting Issuer (the "Consideration Shares") at a deemed price of \$0.25 per Consideration Share for aggregate consideration of \$5,150,000. As a result of the acquisition ("Acquisition"), Horizon Gold will become a wholly-owned subsidiary of the Company. The Agreement also provides that the name change will occur immediately prior to closing of the Acquisition. Completion of the Acquisition and the issuance of the Consideration Shares are subject to approval by the Exchange.

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On closing of the acquisition, the Company is expected to have 31,150,000 common shares outstanding upon giving effect to the minimum private placement (as defined below) and 32,150,000 common shares outstanding upon giving effect to the maximum private placement (as defined below), all on an undiluted basis.

In connection with the acquisition, the Resulting Issuer will apply to list its common shares (the "Resulting Issuer Shares") on the Exchange as a Tier 2 mining company.

The Acquisition is arm's length and is therefore not a Non-Arm's Length Qualifying Transaction under the CPC Policy. Accordingly, the CPC Policy does not require the Company to obtain shareholder approval for the acquisition.

Concurrent Financing

Concurrently with the closing of the Acquisition, the Company will conduct a private placement (the "Private Placement") for the issuance of common shares of the Company for minimum gross proceeds of \$1,000,000 ("Minimum Private Placement") and a maximum gross proceeds of \$1,250,000 (the "Maximum Private Placement"). Each Common Share will be issued at \$0.25 per common share. In connection with the Private Placement, the Company will pay a cash fee to certain finders equal to 7% of the total gross proceeds of the Private Placement from sales to purchasers introduced by such finders under the Private Placement (the "Finder's Cash Fee") and will issue to certain finders non-transferable common share purchase warrants to purchase that number of Resulting Issuer Shares equal to 7% of common shares sold to purchasers introduced by such finders under the Private Placement (the "Finder's Warrants"). Each Finder's Warrant is exercisable at \$0.25 per common share for a period of two years from the date of issuance.

Subsequent to February 28, 2021, the Company received a total of \$1,750,000 subscriptions for 7,000,000 common shares of which \$1,035,000 in gross proceeds were received for this private placement.

Completion of Closing of Acquisition

Completion of the Acquisition will be subject to certain conditions, including but not limited to:

- (a) receipt of all necessary approvals of the boards of directors of the Company and Horizon Gold;
- (b) receipt of all necessary third party consents;
- (c) approval of the Acquisition by the Exchange as the Company's QT; and
- (d) the Company satisfying the initial listing requirements of the Exchange for a Tier 2 mining issuer.

The Company intends to apply to the Exchange for a waiver of the Exchange's requirement to have at least \$100,000 of approved expenditures on the property in the last 36 months as the Company submits that this requirement is satisfied by the \$500,000 recommended work program on the property. However, there is no assurance that this waiver will be granted.

Sponsorship

The Company intends to apply to the Exchange for a waiver of the Exchange's sponsorship requirements on the basis that it is not a foreign issuer, the management of the Company upon completion of the QT will possess appropriate experience and qualifications, and the Company will be a mining issuer with a current geological report. However, there is no assurance that this waiver will be granted.

The Resulting Issuer's Management

In connection with the Acquisition, it is expected that there will be changes to the Company's management and board of directors.

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During the year ended February 28, 2021, the Company recorded an aggregate of \$76,577 in professional fees and regulatory fees incurred in relation to the QT.

1.12 Critical Accounting Estimates

Not applicable to venture issuers.

1.13 Changes in Accounting Policies including Initial Adoption

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards. Our significant accounting policies are set out in Note 3 of the audited financial statements of the Company, as at and for the years ended February 28, 2021 and February 29, 2020.

1.14 Financial Instruments and Other Instruments

The Company's financial instruments at February 28, 2021 are as follows:

		<i>FVTPL</i>		<i>Amortized cost</i>
Financial assets				
Cash and cash equivalents	\$	226,133	\$	—
Financial Liabilities				
Trade payables and accrued liabilities		—		21,076
	\$	226,133	\$	21,076

1.15 Other Requirements

Summary of Outstanding Share Data as of June 23, 2021:

Authorized: Unlimited number of common shares without par value.
Issued and outstanding: 6,250,000 (including 2,650,000 held in escrow)
Stock options outstanding: 515,000
Agent's warrants outstanding: 250,000

Additional disclosures pertaining to the Company's filing statements and other information are available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors, thank you for your continued support.

"Hari Varshney"

Hari Varshney
President, CEO, CFO and Director