

**Aurum Lake Mining Corporation**  
(A Capital Pool Company)

**Management's Discussion and Analysis**  
*For the Period Ended September 30, 2023*

# Aurum Lake Mining Corporation

## Management's Discussion and Analysis

*For the period ended September 30, 2023  
(Expressed in Canadian Dollars)*

---

**Dated: November 20, 2023**

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Aurum Lake Mining Corporation (the "Company") was prepared by management of the Company for the period ended September 30, 2023 and should be read in conjunction with the Company's unaudited interim condensed financial statements for the periods ended September 30, 2023 and 2022 (the "Financial Statements"), and the audited financial statements for the year ended December 31, 2022 together with the notes thereto.

The Financial Statements have been prepared by management and have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All amounts are expressed in Canadian dollars unless otherwise stated. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements.

The Company's certifying officers are responsible for ensuring that the financial statements and MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's certifying officers certify that the Financial Statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company as the date of and for the years presented in the annual filings.

The Audit Committee and the Board of Directors provide an oversight role with respect to all public financial disclosures by the Company. The Board of Directors approves on November 21, 2023 the Financial Statements and MD&A after the completion of its review and recommendation for approval by the Audit Committee, which meets periodically to review all financial reports, prior to filing.

### **Forward-Looking Statements**

Certain statements contained in this document constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to risks associated with: limited operating history; no history of earnings or payment of any dividends; unlikely to generate earnings or pay dividends in the immediate or foreseeable future; no current business operations; no current assets other than cash; ability to complete a qualifying transaction; ability to raise additional funds if required; potential dilution of shares as a result of potential qualifying transaction; reliance on management team; conflicts of interest among certain directors and officers of the Company; lack of liquidity for shareholders of the Company; and market risk. See "Risks and Uncertainties".

Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate

# Aurum Lake Mining Corporation

## Management's Discussion and Analysis

*For the period ended September 30, 2023  
(Expressed in Canadian Dollars)*

---

for other purposes. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding business and operating strategies.

### **Description of the Business**

Aurum Lake Mining Corporation ("Aurum" or the "Company") was incorporated under the Business Corporations Act of British Columbia, Canada on June 2, 2021. The Company's head office and registered office is 1500 Royal Centre, 1055 West Georgia Street, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7.

The Company is incorporated for the purpose to be a Capital Pool Company ("CPC") as per the policy 2.4 of the TSX Venture Exchange (the "Exchange") with a view to complete a Qualifying Transaction. On July 19, 2022 it completed an Initial Public Offering and its shares are trading on the Toronto Stock Exchange Venture with a symbol of "ARL.P". As at December 31, 2022 the Company has not commenced commercial operations and has no assets other than cash and deferred share issuance cost. The Company will not carry on any business other than in the identification and evaluation of assets or business with a view to completing a Qualifying Transaction ("QT") as defined under the policies of the Exchange. See below section Qualifying Transaction.

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not yet achieved profitable operations with working capital of \$279,076 as of September 30, 2023 (December 31, 2022 - \$569,418) and incurred a net loss of \$290,342 for the nine months period ended September 30, 2023 (2022 - \$257,142).

The ability of the Company to carry out its business objectives is dependent on its ability to secure continued financial support from related parties, to obtain equity financing, or to ultimately attain profitable operations in the future. Whether and when the Company can attain profitability and positive cash flows is uncertain. Based on its current plans, budgeted expenditures, and cash requirements, the Management of the Company believes it should be able to finance sufficient cash for its current plans for at least 12 months from September 30, 2023.

For these reasons, the Company continues to adopt the going concern basis in preparing the financial statements.

### **Initial Public Offering**

On May 13, 2022, the Company had filed a final prospectus with the securities regulatory authorities in the provinces of British Columbia, Ontario and Alberta, and pursuant to an agency agreement (the "Agency Agreement") dated October 26, 2021 between the Company and Research Capital Corporation (the "Agent") to offer 3,500,000 common shares to raise \$350,000 at \$0.10 per common share. The Agent would receive a cash commission of 8% of the gross proceeds from the sale of the common shares. The Company would also issue Agent's Warrants, which would be 8% of the total number of common shares sold to the public, at an exercise price of \$0.10 per Agent's Warrant expiring 24 months from the closing date of the offering. The Initial Public Offering was completed on July 19, 2022. In the year ended December 31, 2021, the Company has paid \$20,000 in Agent's expenses, in addition to reasonable legal fees, applicable taxes and disbursements which totals \$33,449 recorded as deferred share issuance cost. The Company recorded \$107,379 share issue costs for the

# Aurum Lake Mining Corporation

## Management's Discussion and Analysis

For the period ended September 30, 2023

(Expressed in Canadian Dollars)

---

year in 2022, that include the \$33,449 deferred expenses, \$58,940 cash costs to commission and professional fees, and \$14,990 value of the Agent's Warrants.

The Company's directors and officers have signed an escrow agreement and have placed 13,000,000 common shares into escrow. It will be released from escrow in stages over a year of 18 months from the date of the Final Qualifying Transaction Exchange Bulletin.

On July 19, 2022, on the closing of the IPO described in the Note 5, the Company issued 280,000 Agent's Warrants to the Agent. Each Agent's Warrant entitles the Agent to subscribe for one common share of the Company at an exercise price of \$0.10 per share before July 19, 2024. The value of the Agent's Warrants is determined to be \$14,990 using a Black Scholes model with the following assumptions: 0% dividend, risk free rate of 3.08%, expected life of 2 years. As at December 31, 2022, there were 280,000 warrants outstanding.

On September 26, 2022, the Company granted 1,220,000 options to its directors, 330,000 options to consultant, and 100,000 options granted to its legal counsel. Each option entitles the holder to subscribe for one common share of the Company at an exercise price of \$0.10 per share before September 26, 2032. The options vested immediately on granting. The value of the 1,650,000 options is determined to be \$148,948 using a Black Scholes model with the following assumptions: 0% dividend, risk free rate of 3.08%, expected life of 10 years. As at September 30, 2023 there were 1,650,000 options outstanding.

### Qualifying Transaction – Subsequent Event and Prepaid Expenses

The Company announced that it entered into an agreement dated December 19, 2022 (the "Option Agreement") with Transition Metals Corp. (the "Optionor"). Pursuant to the Option Agreement, the Optionor has granted the exclusive right and option (the "Option") to the Company to acquire a 100% interest of the Optionor's rights to certain mineral claims known as the Homathko Gold Project, located in the Province of British Columbia (the "Property").

Pursuant to the Option Agreement, the Optionor will retain a net smelter royalty of 2.0% on all mineral production on the Property and the Option is also subject to an underlying net smelter royalty of 1.0% on tenures 1010863, 761502 and 761522 to Nova Royalty Corp. In consideration of the grant of the Option, the Company will pay a total of \$470,000 to the Optionor in cash payments per the schedule listed below, incur work program expenditures on the Property totalling \$500,000 over two years, and make a one-time \$5,000,000 lump sum payment to the Optionor upon the commencement of commercial production, in addition to making such payments as necessary to keep the Property in good standing during the term of the Option.

The cash payments will be made as follows: (i) \$20,000 on signing; (ii) an additional \$100,000 three days following the date the Option Agreement is accepted for filing by the Exchange (the "Effective Date"); (iii) an additional \$150,000 on the first anniversary of the Effective Date; and (iv) an additional \$200,000 on the second anniversary of the Effective Date. The work program expenditures will be made in accordance with the following schedule: (i) \$100,000 by the first anniversary of the Effective Date; and (ii) a cumulative total of \$500,000 by the second anniversary of the Effective Date.

The Option Agreement and the Transaction are subject to a number of conditions including, but not limited to, receipt of all required regulatory approvals, including Exchange approval. The Transaction will be an arm's length transaction, and accordingly, will not require approval of the shareholders of Aurum Lake.

The Property is located in the Cariboo Region of British Columbia, approximately 57 kilometres south of the community of Tatla Lake, which lies 222 kilometres west of Williams Lake. The Property comprises of 35 contiguous mineral claims, encompassing a total of 30,971 hectares. Over its history, multiple mineralized veins were discovered in this area with high-grade gold values.

In connection with the completion of its proposed qualifying transaction with the Optionor (the "Qualifying Transaction"), Aurum will complete a best-efforts non-brokered financing (the "Financing") raising gross proceeds of up to a minimum of \$2,000,000, through the issuance of a total of up to a minimum of 5,000,000 Common

---

# Aurum Lake Mining Corporation

## Management's Discussion and Analysis

*For the period ended September 30, 2023*

*(Expressed in Canadian Dollars)*

Shares, at a price of \$0.40 per Common Share. In connection with the Financing, Aurum will pay certain arm's length finders (a "Finder") a finder's fees in the amount of: (i) a cash commission (the "Cash Fee") in the amount of 6% of the gross proceeds raised in the Financing from persons introduced to Aurum by the Finder, and (ii) issue compensation warrants ("Finder's Warrants") equal to 6% of the aggregate Common Shares subscribed for by persons introduced to Aurum by the Finder. The payment of the Cash Fee and the issuance of the Finder's Warrant will occur upon completion of the Qualifying Transaction. Each Finder's Warrant entitles the holder thereof to purchase one Common Share at an exercise price of \$0.40 per Common Share for a period of twenty-four (24) months from the date of issuance of the respective Finder's Warrant. The Company intends to use the net proceeds of the Concurrent Financing to fund the acquisition costs of the Transaction, to fund the work program expenditures as detailed in the NI 43-101 (as defined below) technical report and to fund the general working capital expenses of the resulting issuer. Aurum Lake will issue a subsequent news release once the Company has finalized the terms of the Concurrent Financing in accordance with Policy 2.4.

The Company has recognized the \$20,000 liability on signing that is recorded as a prepaid as of September 30, 2023 and December 31, 2022, that has been paid in the period ended September 30, 2023. The Company has accrued liabilities of \$153,185 for professional fees related for the transaction as of September 30, 2023 (December 31, 2022 - \$71,950).

### Selected Financial Information

The following selected financial data is derived from the Financial Statements of the Company prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards applicable to the preparation of interim Financial Statements, including IAS 34 and IFRS 1.

#### Selected Statement of Financial Position Data

	September 30, 2023 \$	December 31, 2022 \$	December 31, 2021 \$
Net working capital	279,076	569,418	572,355
Total current assets	452,778	705,653	613,362
Total current liabilities	153,702	136,235	41,007
Total shareholders' equity	299,076	589,418	572,355

#### Selected Statement of Operations Data

	Q3, 2023	Q2, 2023	Q1, 2023	Q4, 2022	Q3, 2022	Q2, 2022	Q1, 2022	Q4 2021
Expenses	105,435	116,226	75,779	191,343	202,972	47,907	6,263	19,130
Net loss and comprehensive Loss	(103,589)	(111,226)	(75,779)	(191,343)	(202,972)	(47,907)	(6,263)	(19,130)
Basic and diluted net loss per share	(0.006)	(0.007)	(0.005)	(0.012)	(0.014)	(0.003)	(0.001)	(0.004)

### Discussion of Operations

The Company does not have any operations and will not conduct any business other than the identification and evaluation of business and assets for potential acquisition.

Nine months period ended September 30, 2023

# Aurum Lake Mining Corporation

## Management's Discussion and Analysis

For the period ended September 30, 2023

(Expressed in Canadian Dollars)

---

During the nine months ended September 30, 2023, the Company recorded a net loss of \$290,342 (2022 - \$257,142) consisting primarily of professional fees of \$147,442 (2022 - \$29,575), filing and transfer agent fees of \$18,274 (2022 - \$16,703), stock-based compensation of \$nil (2022 - \$148,948), bank charges of \$1,476 (2022 - \$325), business development and travel expenses of \$132,947 (2022 - \$60,101), and administrative expenses of \$50 (2022 - \$1,490). \$9,846 interest income was reported for the period in 2023 (2022 - \$nil).

### Three months period ended September 30, 2023

During the three months ended September 30, 2023, the Company recorded a net loss of \$103,589 (2022 - \$202,972) consisting primarily of professional fees of \$39,887 (2022 - \$5,251), filing and transfer agent fees of \$414 (2022 - \$12,695), stock-based compensation of \$nil (2022 - \$148,948), bank charges of \$191 (2022 - \$187), business development and travel expenses of \$67,983 (2022 - \$34,401) and administrative expense of \$50 (2022 - \$1,490). \$4,846 interest income was reported for the period in 2023 (2022 - \$nil).

### **Liquidity, Capital Resources, and Outlook**

As at September 30, 2023, the Company had net working capital of \$279,076. This included \$423,808 in cash and cash equivalents, \$8,970 HST receivable, and \$153,702 in accounts payable and accrued liabilities. Management believes that it has sufficient cash to meet its ongoing obligations and its objective of completing a Qualifying Transaction. However, additional equity or debt financing may be required to complete a Qualifying Transaction. Except as described in the Company's final CPC prospectus, the funds raised pursuant to the Company's initial public offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions. There can be no assurance that the Company will be able to obtain adequate financing to complete a Qualifying Transaction.

### **Financing Activities**

On October 1, 2021, the Company issued 11,600,000 common shares in a private placement at \$0.05 per share for total cash consideration of \$580,000. Legal fees of \$8,482 related to the private placement has been recorded as share issuance costs.

On November 26, 2021 the Company issued 400,000 common shares in a private placement at \$0.05 per share for a cash consideration of \$20,000.

ON January 11, 2022, 1 common share issued on incorporation was repurchased at \$1 and cancelled.

On April 28, 2022, the Company issued 1,000,000 common shares in the capital of the Company to three directors and officers of the Company at a price of \$0.05 per share for gross proceeds of up to \$50,000.

The Company's directors and officers have signed an escrow agreement and have placed 13,000,000 common shares into escrow. It will be released from escrow in stages over a period of 18 months from the date of the Final Qualifying Transaction Exchange Bulletin.

On May 13, 2022, the Company had filed a final prospectus with the securities regulatory authorities in the provinces of British Columbia, Ontario and Alberta, and pursuant to an agency agreement (the "Agency Agreement") dated October 26, 2021 between the Company and Research Capital Corporation (the "Agent") to offer 3,500,000 common shares to raise \$350,000 at \$0.10 per common share. The Agent would receive a cash commission of 8% of the gross proceeds from the sale of the common shares. The Company would also issue Agent's Warrants, which would be 8% of the total number of common shares sold to the public, at an exercise price of \$0.10 per Agent's Warrant expiring 24 months from the closing date of the offering. The Initial Public Offering was completed on July 19, 2022. In the period ended December 31, 2021, the Company has paid \$20,000 in Agent's expenses, in addition to reasonable legal fees, applicable taxes and disbursements which totals \$33,449 recorded as deferred share issuance cost. The Company recorded \$103,379 share issue costs for the year in 2022, that include the \$33,449 deferred expenses, \$58,940 cash costs to commission and professional

# **Aurum Lake Mining Corporation**

## **Management's Discussion and Analysis**

*For the period ended September 30, 2023*  
*(Expressed in Canadian Dollars)*

---

fees, and \$14,990 value of the Agent's Warrants.

The Company's directors and officers have signed an escrow agreement and have placed 13,000,000 common shares into escrow. It will be released from escrow in stages over a period of 18 months from the date of the Final Qualifying Transaction Exchange Bulletin.

On July 19, 2022, on the closing of the IPO described in the Note 5, the Company issued 280,000 Agent's Warrants to the Agent. Each Agent's Warrant entitles the Agent to subscribe for one common share of the Company at an exercise price of \$0.10 per share before July 19, 2024. The value of the Agent's Warrants is determined to be \$14,990 using a Black Scholes model with the following assumptions: 0% dividend, risk free rate of 3.08%, expected life of 2 years, and stock price volatility of 100%. As at December 31, 2022, there were 280,000 warrants outstanding.

On September 26, 2022, the Company granted 1,550,000 options to its directors and 100,000 options granted to its legal counsel. Each option entitles the holder to subscribe for one common share of the Company at an exercise price of \$0.10 per share before September 26, 2032. The options vested immediately on granting. The value of the 1,650,000 options is determined to be \$148,948 using a Black Scholes model with the following assumptions: 0% dividend, risk free rate of 3.08%, expected life of 10 years, and stock price volatility of 100%. As at September 30, 2023 there were 1,650,000 options outstanding.

### **Off-Balance Sheet Arrangements**

There are no off-balance sheet arrangements as at September 30, 2023.

### **Transactions with Related Parties**

Related parties include the Board of Directors and Officers and entities which are controlled by these individuals.

All transactions with related parties have occurred in the normal course of business operations.

On January 11, 2022, 1 common share was repurchased at \$1 from a corporation controlled by a director and cancelled.

In the year ended December 31, 2022, the Company issued 1,000,000 common shares in the capital of the Company to three directors and officers of the Company at a price of \$0.05 per share for gross proceeds of up to \$50,000.

The Company's directors and officers have signed an escrow agreement and have placed all the 13,000,000 common shares outstanding into escrow. It will be released from escrow in stages over a year of 18 months from the date of the Final Qualifying Transaction Exchange Bulletin.

On September 26, 2022, the Company granted 1,220,000 options to its directors and 100,000 options granted to its legal counsel. Each option entitles the holder to subscribe for one common share of the Company at an exercise price of \$0.10 per share before September 26, 2032.

### **Critical Accounting Policies, and Judgements and Estimates**

The Company's significant accounting policies and the adoption of new accounting policies are disclosed in note 3 of the financial statements for the year ended December 31, 2022.

The significant accounting judgements and estimates used in preparing the financial statements are disclosed in note 4 of the financial statements for the year ended December 31, 2022.

---

# Aurum Lake Mining Corporation

## Management's Discussion and Analysis

*For the period ended September 30, 2023*  
*(Expressed in Canadian Dollars)*

---

### Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values. Please refer to note 9 of the financial statement for the year ended December 31, 2022.

### Disclosure of Outstanding Share Data

As at the date of this MD&A, the Company has 16,500,000 common shares issued and outstanding that are in escrow. There are 1,650,000 options and 280,000 warrants outstanding as of the date of this MD&A.

### Risks and Uncertainties

The Company has a limited history of existence. There can be no assurance that a Qualifying Transaction will be completed. Equity or debt financing may be required to complete a Qualifying Transaction. There can be no assurance that the Company will be able to obtain adequate financing to continue. The securities of the Company should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

- (a) until completion of a Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- (b) the Company has only limited funds with which to identify and evaluate potential Qualifying Transactions;
- (c) there can be no assurance that the Company will be able to successfully complete a proposed Qualifying Transaction;
- (d) there can be no assurance that an active and liquid market for the common shares will develop and an investor may find it difficult to resell its common shares;
- (e) trading in the common shares may be halted at any time and may remain halted for an indefinite period of time in connection with a proposed Qualifying Transaction; and
- (f) trading in the common shares may be halted at other times for other reasons, including for failure by the Company to submit documents to the Exchange in the time periods required.

### Disclosure Controls and Procedures

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is made known to the Chief Executive Officer and the Chief Financial Officer by others within the Company, in an accurate and timely manner in order for the Company to comply with its continuous disclosure and financial reporting obligations and in order to safeguard assets.

### Other Information

Additional information about the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com)