



**Management's Discussion & Analysis**

**Form 51-102F1**

**For the Year Ended May 31, 2022**

## **INTRODUCTION**

The following management discussion and analysis ("MD&A") of the financial condition and results of operations of the iMetal Resources Inc. (the "Company" or "iMetal") has been prepared by management, in accordance with the requirements of National Instrument of 51-102 as of Sept 26, 2022 and should be read in conjunction with the audited consolidated financial statements for the year ended May 31, 2022 and 2021 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS") and all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and [www.imetalresources.ca](http://www.imetalresources.ca).

All financial information in this report has been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting and all monetary amounts referred to herein, are in Canadian dollars, unless otherwise stated.

## **FORWARD LOOKING INFORMATION**

Certain information in this MD&A, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information may include, but is not limited to, information which reflect management's expectations regarding the Company's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

In making and providing the forward-looking information included in this MD&A the Company's assumptions may include among other things: (i) assumptions about the price of base metals; (ii) that there are no material delays in the optimisation of operations at the properties; (iii) assumptions about operating costs and expenditures; (iv) assumptions about future production and recovery; (v) that there is no unanticipated fluctuation in foreign exchange rates; and (vi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of base metals; (ii) the risk that the Company will continue to have negative operating cash flow; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; (v) adverse fluctuations in foreign exchange rates; and (vi) environmental risks and changes in environmental legislation.

This MD&A (See "Risks and Uncertainties") contains information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

**IMETAL RESOURCES INC.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (Form 51-102F1)**  
**For the Year Ended May 31, 2022**

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**DESCRIPTION OF BUSINESS**

iMetal Resources Inc. is a publicly listed company whose principal business activities are the exploration and development of mineral properties. The Company has properties located in Ontario and Quebec, Canada. The Company is a reporting issuer in British Columbia and Alberta, and trades on the Tier 2 on the TSX Venture Exchange under the symbol "IMR" and on the OTCQB under the symbol "ADTFF".

**HIGHLIGHTS OF EVENTS OCCURRING DURING THE CURRENT FISCAL YEAR TO THE DATE OF THIS REPORT**

On July 15, 2021, the Company granted 20,000 incentive stock options (the "Options") to a Consultant of the Company. The Options are exercisable at \$0.50 per share for a period of 12 months from the date of grant. Options granted to individuals in their capacity as a consultant vest immediately.

In August 2021, Joyce Liu was appointed as Chief Financial Officer ("CFO") and Corporate Secretary of the Company following the resignations of Scott Davis as CFO and Frances Murphy as Corporate Secretary. Mr. Davis remains with the Company as a member of the Board.

On December 14, 2021, the Company paid \$15,000 in cash and issued 72,000 shares with a value of \$14,400 to settle outstanding debt to an arms length party in the total amount of \$54,643 and recorded a gain of \$25,243 on the settlement.

On January 14, 2022, all issued and outstanding common shares of the Company were consolidated on a 5:1 basis. All references to share and per share amounts have been retroactively restated to reflect the share consolidation.

On January 24, 2022, the Company entered into a purchase option agreement (the "Option Agreement") with Gravel Ridge Resources Ltd. And 1544230 Ontario Inc. (collectively, the "Vendors") pursuant to which it will be granted the right to acquire the Kerrs Gold Deposit ("Deposit").

To acquire the Deposit, the Company is required to issue 3,500,000 common shares (the "Consideration Shares") and complete a series of four cash payments totaling \$210,000 to the Vendors. The transaction details as below:

<b>Due date</b>	<b>Cash</b>	<b>Common shares</b>
Upon receipt of the TSX Venture Exchange's approval (the Exchange Approval)	\$ 60,000 (paid)*	3,500,000 (issued)*
Upon the first anniversary of the Exchange Approval	\$50,000	-
Upon the second anniversary of the Exchange Approval	\$40,000	-
Upon the third anniversary of the Exchange Approval	\$60,000	-

*\*The Company received the Exchange Approval on April 1, 2022, and therefore, the Company paid \$60,000 in cash and issued 3,500,000 common shares as per option agreement.*

Following completion of the above cash payments and share issuances, the Company will acquire the Deposit and will grant to the Vendors a three percent royalty (the "Royalty") on net smelter returns from the Deposit. The Company may acquire two percent of the Royalty from the Vendors at any time by completing a one-time cash payment of \$2,000,000.

On March 8, 2022, the Company announced and engaged the services of Independent Trading Group ("ITG") to provide market-making services. ITG will trade shares of the Company with the objective of maintaining a reasonable market and improving the liquidity of the Company's common shares. ITG will receive compensation of CAD\$5,000 per month, payable monthly. The agreement is for an initial term of three months and will renew for additional one-month terms unless terminated. The agreement may be terminated by either party with 30 days' notice. There are no performance factors contained in the agreement and ITG will not receive shares or options as compensation.

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On April 7, 2022, the Company completed its non-brokered private placement by issuing 16,666,667 units for gross proceeds of \$2,000,000. Each unit consists of one common share and one share purchase warrant exercisable for a period of 24 months from the date of issue at a price of \$0.20 per share. The Company paid cash finder's fees of \$127,744 and issued an aggregate total of 1,064,533 finder's warrants at a fair value of \$290,000 under the same terms upon closing of the financing.

On April 7, 2022, the Company completed its non-brokered flow-through private placement by issuing 6,666,667 units for gross proceeds \$1,000,000. Each unit consists of one flow-through common share and one share purchase warrant exercisable for a period of 24 months from the date of issue at a price of \$0.20 per share. The private placement included participation by Funds Managed by Sprott Asset Management LP, which subscribed for flow-through unit and agreed to waive entitlement to 2,644,669 warrants they would otherwise have been entitled to receive in connection with their subscription. As a result, a total of 4,021,998 warrants were issued to subscribers in connection with the private placement. The Company incurred finders' fees totaling \$33,804 and issued 225,360 finders' warrants with a fair value of \$61,000 under the same term upon closing of the financing. A flow through liability of \$193,239 was recognized with respect to these flow through shares.

On April 8, 2022, the Company granted 2,000,000 stock options to certain directors, officers and consultants of the Company with a fair value of \$0.33 at the date of grant. The options are exercisable at \$0.33 per share for a period of five years from the date of grant.

On April 14, 2022, the Company engaged with 1357508 B.C. Ltd. ("Hill"), and its' principal Christopher Hill, to provide investor relations services. Hill would provide a full suite of investor relations services to the Company including but not limited to strategic messaging, investor targeting and outreach as well as corporate communication services including digital marketing, social media and landing page coordination.

In connection with the engagement, Hill would be compensated on a month-to-month basis at a rate of \$5,000 per month. Subject to the approval of the TSX Venture Exchange, the Company also granted Hill 150,000 incentive stock options exercisable at a price of \$0.38 until April 14, 2027. The options would vest in four equal parts over a twelve-month period in accordance with the policies of the TSX Venture Exchange.

Furthermore, the Company also signed an agreement with MIC Market Information & Content Publishing GmbH ("MIC") for marketing services of up to three months, commencing during the month of April 2022. By far, the Company had initially budgeted 330,000 Euro for the services and campaigns coordinated by MIC.

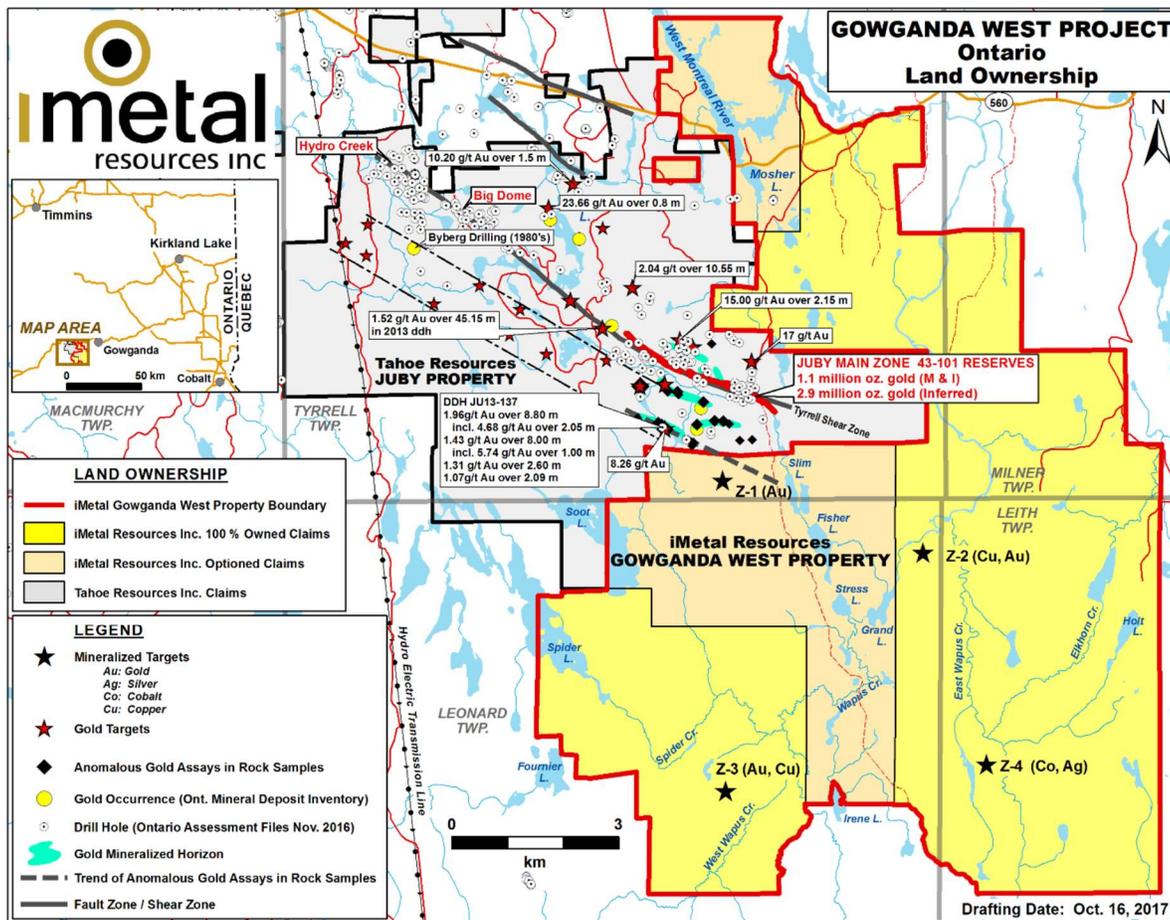
**EXPLORATION ACTIVITIES**

**Gowganda West Property**

During the year ended May 31, 2017, the Company entered into an option agreement for mineral properties in Gowganda, Ontario. The option agreement included cash payments totalling \$200,000 and share issuances totalling 80,000 common shares. All terms of the option agreement have been met.

The Gowganda West property, initially acquired in 2016, now covers approximately 147sqkm in the Shining Tree volcano-sedimentary succession of the southwestern Abitibi Greenstone Belt contiguous to the north and west to Caldas Gold Corp.'s Juby Gold deposit. The western section of Gowganda West is underlain by Archean metasediments and lesser metavolcanics of the Indin Lake Group, while the east section is largely underlain by Proterozoic Gowganda Formation, relatively flat lying, coarse to fine clastic sediments overlying the steeply dipping Archean stratigraphy below. Erosional Archean windows have been mapped within the Gowganda sediments which appear to thin to the west as they overlap the underlying Archean. Exploration is focussed on the Archean stratigraphy.

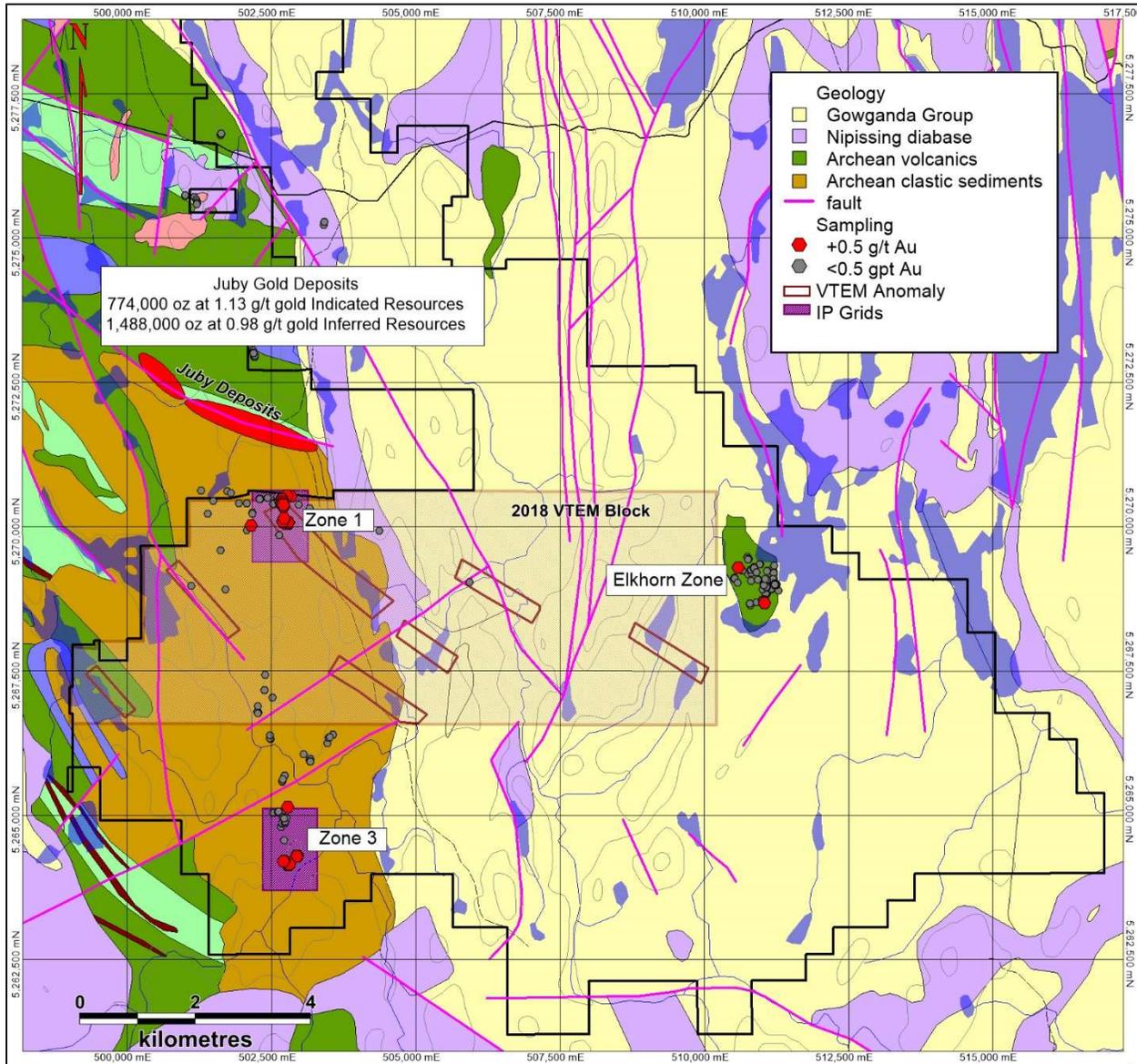
**Figure 1. Overview**



Gowganda West is contiguous to the northeast and south to Caldas Gold Corp.'s Juby Deposit, a series of four mineralized alteration zones along the Tyrrell Shear Zone. Gold mineralization at Juby is associated with narrow quartz-carbonate-pyrite veins hosted within 20 to 330 metre wide zones of ankerite-albite-silica-sericite alteration and variable amounts of fine-grained, disseminated pyrite and also with multiple lenses containing narrow (<5m), higher grade quartz-carbonate-pyrite veins hosted within 5 to 50 metre zones of ankerite-albite-silica-sericite alteration and variable amounts of fine-grained, disseminated pyrite. The Juby Deposits host indicated resources of 774,000 ounces at 1.13 g/t Au and inferred resources of 1,488,000 ounces at 0.98 g/t Au. iMetal cautions investors mineralization at Juby is not necessarily indicative of similar mineralization at Gowganda West.

Source: Technical Report on the Updated Mineral Resource Estimate for the Juby Gold Deposit for Caldas Gold Corp. Dated 2020-Oct-05 By: J.Campbell, A.Sexton, D.Studd, and A. Armitage.

**Figure 2. Geology and Present Exploration**



Exploration since the 2016 acquisition of Gowganda has concentrated primarily within the Archean stratigraphy in the northwestern section, proximal to the Juby property boundary. Initial prospecting led to the discovery of Zone 1 and Zone 3 and was subsequently followed by detailed chip and channel sampling at both Zones, Airborne VTEM and magnetics over approximately 42sqkm centred on Zone 1, IP surveys over Zone 1 and Zone 3 and preliminary diamond drilling with six holes at Zone 1 and one hole at Zone 3. The initial 5 drill holes at Zone 1 were drilled prior to the IP survey.

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**Zone 1**

Zone 1 has excellent access and has been traced over 500m south from the Juby property boundary. Two distinct outcrop areas approximately 300m apart have been sampled, Zone 1 and Zone 1 South.

Zone 1 consists of a 6-10m wide shear zone hosting 2-5cm to 20-30cm gold-bearing quartz-carbonate-sulphide vein within north striking, vertically dipping arkose and siltstone of the Archean Indin Lake Group. The sedimentary rocks are pervasively altered with hematite, sericite and pyrite with localized limonitic gossans. The veins are localized both within and crosscutting the shear, with gold values occurring in the moderately to intensely altered sedimentary rocks. Highlight gold samples from Zone 1 are found in Table 1.

**Table 1. Zone 1 Sample Highlights**

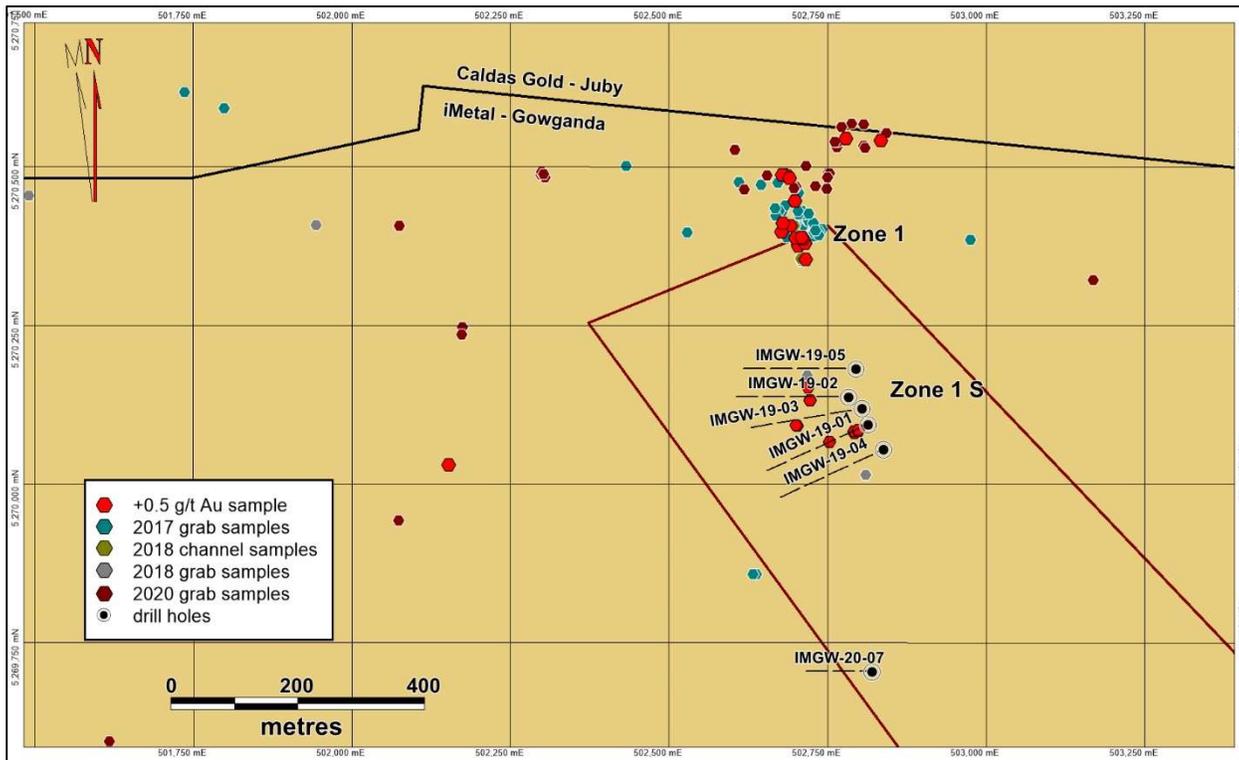
Year	Sample	Type	ppm Au	Width	Year	Sample	Type	ppm Au	Width
2017	70914	Grab	3.38		2017	70927	Grab	1.28	
2017	70916	Grab	0.43		2017	70929	Grab	0.98	
2017	70920	Grab	0.52		2017	70932	Grab	0.73	
2017	70921	Grab	3.07		2017	70945	Grab	6.47	
2017	70926	Grab	2.45		2017	70948	Grab	1.13	
2018	5629	Channel	5.1	0.80m	2018	5644	Channel	0.75	0.90m
2018	5640	Channel	8.7	0.30m	2018	5646	Channel	0.52	0.75m
2018	5643	Channel	1.03	0.50m					

Zone 1 South consists of a north-south trending, 50m wide package of rusty-weathered and silicified jasper pebble conglomerate and green carbonate-altered diabase, exposed over a length of 60m before disappearing under cover. The conglomerate carries quartz stringers, red jasper clasts and finely disseminated pyrite and local chalcopyrite, while the diabase carries two 1m wide quartz-carbonate veins. Highlight rocks samples from Zone 1 South are found in Table 2.

**Table 2. Zone 1 South Sample Highlights**

Year	Sample	Type	ppm Au	Width	Year	Sample	Type	ppm Au	Width
2018	5901	Grab	39.3		2018	5928	Grab	4.47	
2018	5919	Grab	11.5		2018	5929	Grab	2.61	
2018	5920	Grab	4.38		2018	5930	Grab	2.04	
2018	5921	Grab	1.93		2018	5931	Grab	0.63	
2018	5922	Grab	0.60		2018	8201	Grab	1.3	
2018	5923	Grab	0.77		2018	8202	Grab	0.96	
2018	5924	Grab	0.77		2018	8203	Grab	0.36	
2018	5925	Grab	4.3		2018	8204	Grab	0.56	
2018	5926	Grab	3.09		2018	8205	Grab	0.59	
2018	5927	Grab	16.5		2018	8206	Grab	0.95	

Figure 3. Zone 1



An initial diamond drilling program of 6 holes totaling 2010 metre was completed in February 2019, with 5 of the six holes testing Zone 1 south. A 7<sup>th</sup> hole was completed further to the south along Zone 1 South in February 2020. The drill hole details are shown in Table 3.

Table 3. 2019/2020 Drilling Summary

Number	83Z17 E	83Z17 N	Elevation	Aziumth	Dip	Length
IMGW-19-01	502814	5270095	363	245	-45	251
IMGW-19-02	502784	5270138	364	270	-45	251
IMGW-19-03	502804	5270120	360	260	-45	251
IMGW-19-04	502838	5270055	362	245	-45	254
IMGW-19-05	502795	5270183	365	270	-45	251
IMGW-19-06	502780	5263895	358	90	-58	752
IMGW-20-01	502820	5269705	360	270	-70	302
<b>Total</b>						<b>2312</b>

Drilling concentrated on a 150 metre section of Zone 1 South, with a series of west to southwest trending holes. All holes intersected fine to coarse grained clastic meta-sediments intruded by a series of hornblende porphyry aplite dykes and feldspar-quartz porphyry dykes. Early Proterozoic diabase dykes, likely related to the Nipissing Diabase cut the entire sequence.

Variable grades of gold mineralization are associated largely with pervasively altered metasediments carrying trace to 5% finely disseminated pyrite with local traces of chalcopyrite. Alteration consists of pervasive silicification as microcrystalline quartz flooding, imparting a grey to grey-white bleached appearance to the core, local pervasive brick red hematite, and strong flecks, wisps and filament lamellae of sericite and fuchsitic sericite. Highlight drill intersections (drill widths, not true widths) are shown in Table 4.

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**Table 4. 2019/2020 Drill Intersection Highlights**

Hole No	m from	m to	m width	g/t Au	Hole No	m from	m to	m width	g/t Au
IMGW-19-01	118.4	125.5	7.1	0.56	IMGW-19-04	89.35	96	6.65	1.07
IMGW-19-01	135	139	4	0.84	IMGW-19-04	165.4	195.65	30.25	0.32
IMGW-19-01	141.5	144	2.5	2.95	IMGW-19-04	202	221.5	19.5	0.41
IMGW-19-01	191	220.4	29.4	0.37	IMGW-19-04	223.5	230	6.5	0.68
IMGW-19-02	119.35	124	4.65	0.42	IMGW-19-05	98	99	1	0.71
IMGW-19-03	40	41	1	0.53	IMGW-19-05	102	106.6	4.6	1.43
IMGW-19-03	219	219.9	0.9	1.55	IMGW-20-01	180.9	185.25	4.35	1.2

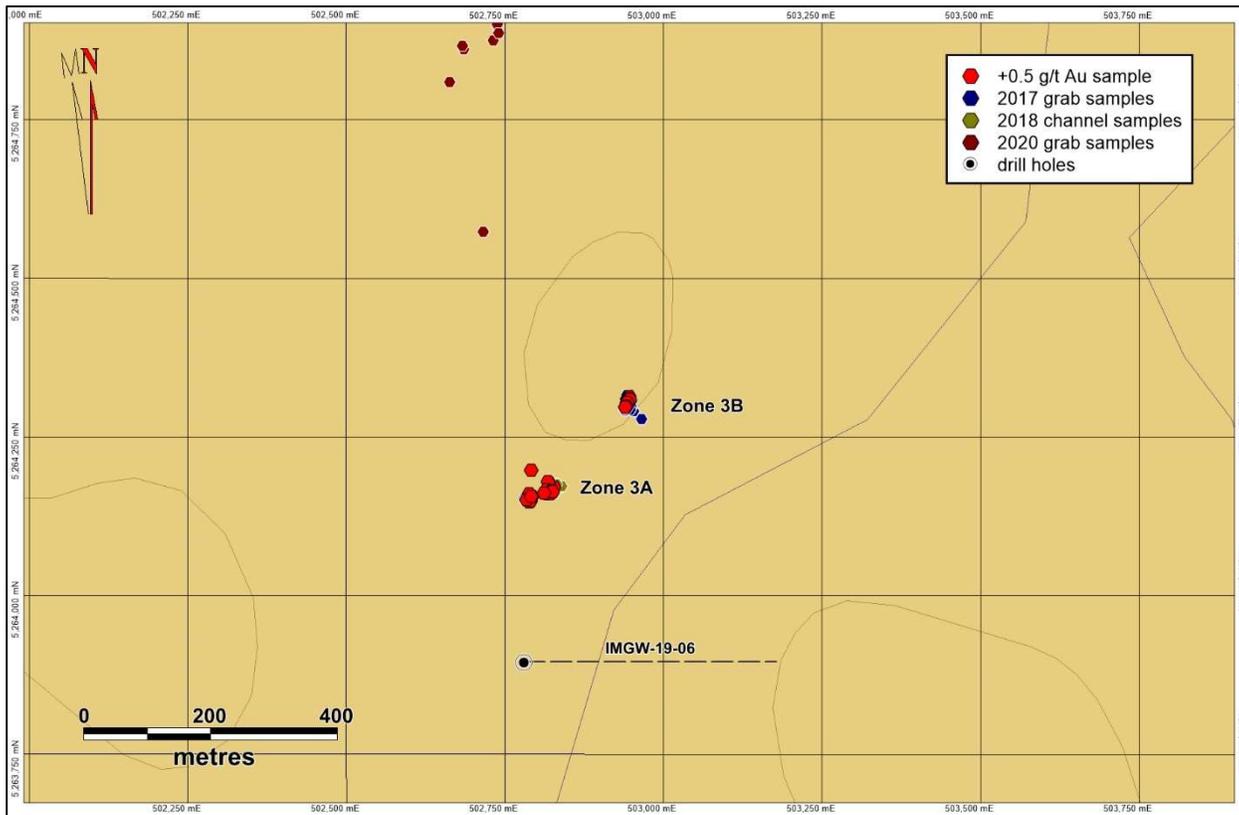
Subsequent to the 2019 drilling, a ground IP program was completed at Zone 1 and Zone 3 by Abitibi Geophysics. Several chargeability/resistivity targets were identified, with one IP target drilled at Zone 1 South and one IP target drilled south of Zone 3. The main Zone 1 target remains undrilled.

**Zone 3**

Zone 3 consists of two distinct area, 3A and 3B approximately 6 kilometres due south of Zone 1, underlain by Indin Lake Group clastic metasedimentary rocks including arenite, wacke, argillite, arkose and jasperoid-conglomerate. The sequence and mineralized and altered zones are intruded by a strongly magnetic early Proterozoic diabase dike. Continual surface exploration through 2018/2019 extended southernmost Zone 3A over 100m to toward Zone 3B, 220m to the northeast. Highlight assay values are shown in Table 5.

Zone 3A, initially exposed over 15 metres in outcrop, is characterized by 0.5 - 2 m quartz-carbonate veins striking 290° and dipping 75 ° -80 ° north, carrying 0.5-1% fine grained, disseminated pyrite and chalcopyrite. The veins are hosted in moderately silicified, green-grey, medium-grained arkose. Subsequent exploration located a 1m quartz vein 35m to the northeast, followed by a 10m by 20m quartz stockwork zone.

**Figure 4. Zone 3**



Zone 3B, lies 220m to the northeast, and consists of two segments of mineralized quartz veins, carrying trace to 2% pyrite, chalcopyrite and malachite. Quartz veins in the northern segment, traced for 10m in outcrop, are 5-20cm wide, and strike 20° and dip 50° west. Quartz veins in the southern segment, traced for 8-10m, vary from 10-40cm wide and strike 20° and 75° -80° east. These veins are hosted in moderately to intensely silicified Archean units.

**Table 5. Zone 3 Sample Highlights**

Year	Sample	Type	Zone	ppm Au	Width
2017	3511	grab	3A	7.35	
2017	3512	grab	3A	1.24	
2017	5207	grab	3A	34.81	
2017	5227	grab	3A	4.7	
2017	5228	grab	3A	15.23	
2017	5229	grab	3A	1.11	
2017	5230	grab	3A	1.17	
2017	5231	grab	3A	1.35	
2017	5232	grab	3A	0.67	
2017	5236	grab	3A	6.03	
2017	5238	grab	3A	56.59	
2017	3513	grab	3B	4.34	
2017	3514	grab	3B	19.4	

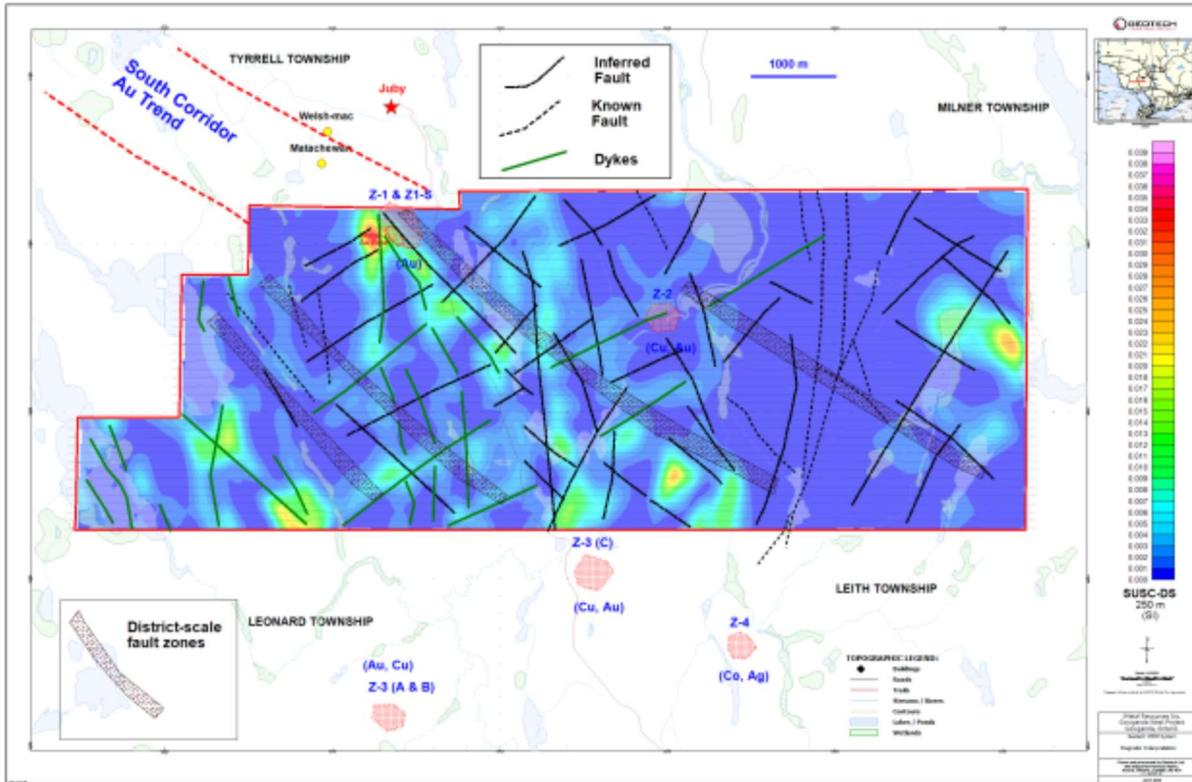
  

Year	Sample	Type	Zone	ppm Au	Width
2017	5209	grab	3B	0.63	
2017	5210	grab	3B	1	
2017	5211	grab	3B	1.25	
2017	5212	grab	3B	11	
2017	5213	grab	3B	2.06	
2017	5214	grab	3B	2.59	
2017	5215	grab	3B	13.66	
2017	5218	grab	3B	0.64	
2017	5221	grab	3B	1.19	
2017	5222	grab	3B	3.65	
2017	5223	grab	3B	0.64	
2017	5224	grab	3B	0.75	
2017	5225	grab	3B	5.59	



Zone, with Zone 1 and Zone 1S lying adjacent to one target. Parallel inferred district scale fault zones have also been mapped and form the remaining targets as shown in the Magnetic Vector Inversion Map (Figure 5). The survey end 1.5km north of Zone 3.

**Figure 5. VTEM Magnetic Vector Inversion**



**IP Survey**

A ground IP survey was completed at Zone 1 and Zone 3 in July 2019, subsequent to the initial drill program. A total of 21.6 line kms were completed at Zone 1, consisting of 13 E-W lines of 1.2km and 5 N-S lines of 1.2km, while 15 E-W lines and 5 N-S lines of 1.2km totaling 24 line kms were completed at Zone 3. Several chargeability/resistivity anomalies were identified as potential drill targets.

**Gowganda West Exploration Completed During the Year Ended May 31, 2022**

None

**Gowganda West Exploration Completed Subsequent to the Year Ended May 31, 2022**

On July 13, iMetal announced receipt of a three-year drill and exploration permit to carry out the next phase of exploration at Gowganda West. The permit includes:

- 15-line kilometres of induced polarization (IP) surveying;
- Trenching to refine gold targets at up to 25 locations, totalling 2,500 linear metres;
- Greater than 20 drill pads, with multiple drill collars at each pad.

iMetal has completed a series of exploration programs at Gowganda West since acquisition in 2016, including prospecting, grab and channel sampling, and preliminary diamond drilling, along with airborne VTEM and magnetics and ground IP. These programs defined a six-kilometre north-south-trending zone of anomalous gold mineralization and alteration, highlighted by zone 1 in the north and zone 3 in the south.

**Quality assurance/quality control**

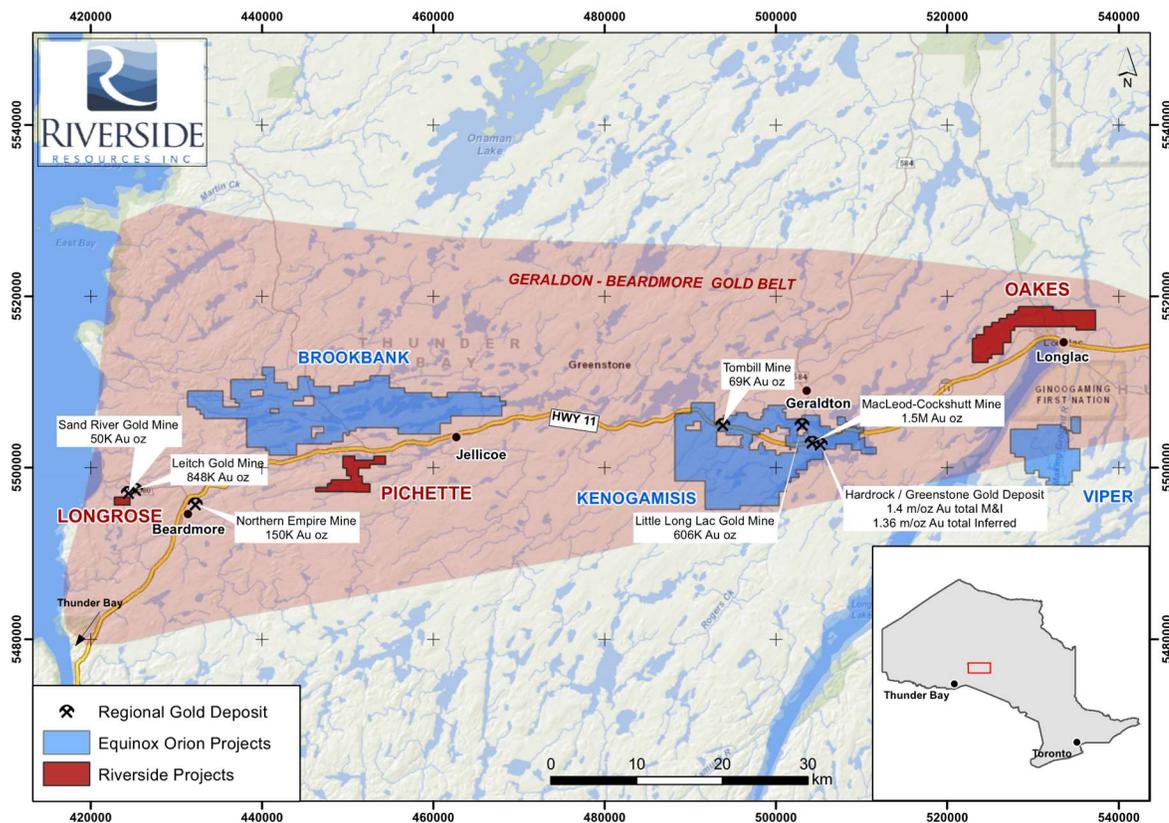
All 2021 grab samples were delivered by the geological contractor to ALS in Thunder Bay, an ISO/IEC (International Organization for Standardization/International Electrotechnical Commission) 17025:2017-accredited facility. All samples were analyzed with ALS's AuME-TL43 procedure, a 25-gram aqua regia digestion with an ICP-MS (inductively coupled plasma mass spectrometry) finish with a one-gram upper limit for gold. All overlimit gold values were fire assayed with a 30-gram sample and a gravimetric finish, ALS's Au-GRA21 procedure.

All 2021 trench samples were delivered by the geological contractor to ALS Minerals in Thunder Bay, an ISO/IEC 17025:2017-accredited facility. All samples were analyzed with ALS's AuME-TL43 procedure, a 25-gram aqua regia digestion with an ICP-MS (inductively coupled plasma mass spectrometry) finish with a one-gram upper limit for gold. All overlimit gold values were fire assayed with a 30-gram sample and a gravimetric finish, ALS's Au-GRA21 procedure. iMetal completed a quality control program with about 10 per cent of the samples assayed being control samples. Standards and blanks were inserted within the assay stream for each trench about every 15 to 20 samples.

**Oakes, Pichette and Longrose Gold Projects**

In February 2021, the Company announced the acquisition of a portfolio of road accessible gold projects from Riverside Resources Inc. The Oakes, Pichette and Longrose gold projects are located in the Beardmore Geraldton Greenstone Belt ("BGGB"), northeast of Thunder Bay, Ontario. Highlights from the three projects include:

- Oakes is 3,670 hectares and hosts a gold bearing shear zones. Historic channel sampling of the HG shear zone returned values of 31.9 g/t gold, 19.7 g/t gold and 6.9 g/t gold over 0.5 to 1.0 m intervals.
- Pichette is 1,380 hectares and hosts gold in banded iron formation. Historic drill intersection of 4.78 g/t gold over 0.65 m and historic surface grab sample highlights of 24.55 g/t gold, 21.42 g/t gold and 16.01 g/t gold.
- Longrose is 360 hectares and adjacent to the historic Leitch Mine and hosts gold quartz veins and gold in banded iron formation. Drill highlights include 30.8 g/t gold over 0.15m and 10.28 g/t gold over 0.45m from quartz veins.



**Figure 1: IMR Claim Blocks acquired from Riverside (in red) located on regional geology map. Historical production reports presented on figure are from the Ontario Geological Survey, OFR 5538.**

The BGGB is comprised of a series of northeast trending Archean metavolcanic and metasedimentary rocks, divided into a northern and southern assemblage. The northern assemblage consists of mafic metavolcanic flows overlain by intermediate pyroclastics and capped to the south by a sulphide facies iron formation. Gold deposits in the BGGB such as the 4.6 Moz Hardrock deposit near Geraldton, where Equinox Gold Corp. recently took over Premier Gold Mines Limited to acquire 50% of the deposit, are considered classic examples of epigenetic non-stratiform BIF-hosted gold deposits. Other notable deposits within the BGGB include the Brookbank (0.6 Moz M&I)<sup>2</sup>, the Sand River and Leitch Mine (past production of 0.9 Moz)<sup>3</sup>, the Northern Empire Mine and Sturgeon River Mine.

Sources:

<sup>1</sup> <https://www.greenstonegoldmines.com/upload/documents/ni-43-101-hardrock-2016-12-21-final-for-.pdf>

<sup>2</sup> <https://www.premiergoldmines.com/premier-gold-releases-trans-canada-property-resource-estimates-on-four-deposits>

<sup>3</sup> <http://www.geologyontario.mndm.gov.on.ca/mndmfiles/mdi/data/records/MDI52H09SE00004.html>

## **Oakes**

The Oakes Project is located in Long Lac, Ontario east of Equinox's Hardrock deposit. Early exploration by Hardrock Mining and Noranda Exploration focused on base metals. Exploration for gold began in the 1990s with a successful small drill program. Recent soil geochemistry, VLF and IP geophysics programs defined three, east-west oriented mineralized shear zones. Trenching and sampling along the HG Shear Zone returned high-grade gold values of 19.7 g/t, 31.9 g/t and 6.9 g/t gold over 0.5–1.0 m channel samples perpendicular to strike, while sampling along the strike extension returned grab gold values of 46 g/t and 7 g/t, demonstrating a strike length of at least 600 metres.

## **Pichette**

Pichette, lying west of the Hardrock Deposit, was first explored in the 1960's for nickel. Gold exploration commenced in the 1980's, with a successful drill program near the southern property boundary. Recent work focused on the Pichette showing shear zone and the banded iron formation. Historic surface grab sample highlights from the Pichette showing include: 24.55 g/t gold, 21.42 g/t gold and 16.01 g/t gold. Additionally, drilling of a porphyry within metasediments by Canamax in 1982 returned positive results for gold.

## **Longrose**

The Longrose Project lies immediately west of the past-producing Leitch Gold mine where almost 1M ounces of gold was mined. Equinox Gold's Northern Empire mine is also close to Longrose. Historic drilling focused exclusively on quartz vein, ignoring the hosting banded iron formation. Drill highlights include 30.8 g/t gold over 0.15m and 10.28 g/t gold over 0.45m from quartz veins. Gold at Longrose is associated with folds within the banded iron formation, an ideal target for modern IP surveys.

## **The Transaction**

The aggregate purchase price payable to Riverside Resources in connection with the acquisition of the Oakes, Pichette and Longrose properties includes the following:

- iMetal will issue 1,600,000 common shares to Riverside Resources at a deemed issue price of \$0.625 per share on closing; and
- iMetal will grant a 2.5% net smelter returns royalty on each of the acquired properties, of which 1.5% of the royalty may be acquired by iMetal at any time during the 60 months following closing in consideration for cash payments totaling \$7,500,000 as follows :
  - 0.5% of the royalty may be acquired for \$500,000;
  - a further 0.5% of the royalty may be acquired for \$2,000,000; and
  - a further 0.5% of the royalty may be acquired for \$5,000,000.

iMetal will also pay a one-time bonus payment to Riverside Resources of \$500,000, payable in cash or common shares of iMetal at its discretion, if at any time during the 60 months following closing iMetal receives results from any drilling program on the Oakes, Pichette and Longrose properties which indicates the presence of at least 100 gram-metres of gold.

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Closing of the transaction is subject to certain conditions to the benefit of iMetal and Riverside Resources ordinary of transactions such as this, including the conditional on the approval of the TSX Venture Exchange. Closing is also conditional of iMetal completing an equity financing of not less than \$2,500,000. iMetal will announce terms of the financing at a later date. iMetal is arm's length of Riverside Resources.

In connection with closing of the transaction, Riverside Resources will provide to iMetal access to its technical advisors, engineers and geologists with prior experience involving the Oakes, Pichette and Longrose properties.

The common shares issuable to Riverside Resources shall be subject to a four month and one-day hold period prescribed under securities laws.

On November 30, 2021, the Company terminated the proposed acquisition with Riverside Resources and therefore, iMetal had no further obligation with respect to the project and the related accounts payable of \$34,934, in connection with the Oakes expenditures from February to May 30, 2021, was reversed and recognized as a gain on debt settlement accordingly.

**Kerrs Gold Property**

On January 25, 2022, iMetal optioned the road accessible Kerrs gold deposit, 90 kilometres (km) east-northeast of Timmins, Ont., in the Abitibi greenstone gold belt. The 665 hectare property consists of 36 claims. The terms of the option agreement are as follows:

<b>Due date</b>	<b>Cash</b>	<b>Common shares</b>
Upon receipt of the TSX Venture Exchange's approval (the "Exchange Approval")	\$ 60,000 (paid)*	3,500,000 (issued)*
Upon the first anniversary of the Exchange Approval	\$50,000	-
Upon the second anniversary of the Exchange Approval	\$40,000	-
Upon the third anniversary of the Exchange Approval	\$60,000	-

Following completion of the above cash payments and share issuances, the company will acquire the deposit and will grant to the vendors a 3-per-cent royalty on net smelter returns from the deposit. The company may acquire 2 per cent of the royalty from the vendors at any time by completing a one-time cash payment of \$2,000,000.

The Kerrs gold deposit comprises a series of gold-bearing pyritized quartz vein replacement breccias enveloped by quartz fuchsite carbonate vein breccias averaging 10 metres in thickness. The deposit hosts an historical resource estimate of 7,041,460 tonnes grading 1.71 grams per tonne (g/t) gold yielding 386,467 ounces at a 0.5-gram-per-tonne gold cut-off. Drilling subsequent to the historic estimate appears to have extended the mineralized zone along strike and downdip.

The Kerrs gold historical resources estimate was disclosed in "NI 43-101 Resource Estimation on the Kerrs Gold Deposit, Matheson, Ontario," prepared for Sheltered Oak Resources Inc. by Garth Kirkham, PGeo, of Kirkham Geosystems Ltd., and dated June 10, 2011. The company considers the resource estimate relevant as it will drive further exploration by the company and reliable, as it was completed by a competent qualified person to the standards of the day. The resource estimation methods and parameters were as follows:

- Forty-one drill holes were utilized to interpolate the KBX zone.
- Composite length of two metres (m) was chosen and composites were weighted by length.
- Sectional interpretations were wire framed to create 3-D (three-dimensional) solids of the zones.
- Zones were coded to the composites and the block model to constrain the modelling process.
- Composites for the mineralized zone were used to interpolate into the blocks for each zone.
- Ordinary kriging was used as the interpolator.
- Relative elevation modelling was used to guide the ellipse orientation that accounts for the variation in dip due to the synclinal structure.
- A minimum of two composites were used for each block and a maximum of two composites were used per drill hole; a maximum of 12 composites were used per hole.
- A cutting factor was applied for gold with outlier composites limited to 10 g/t gold (Au) based on cumulative frequency plots. A zero cut-off grade was used for the manual polygonal method.
- Minesight software was used to perform the block modelling and estimations.

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- The Kerrs historic estimate is an inferred resource as defined in National Instrument 43-101. The company is not aware of any more recent resource estimates, though there was further drilling completed after the historic estimate was released. The company will need to review the historical drilling and analyses and will need to twin a number of the historic holes to bring the historic estimate current. The company's qualified person has not done sufficient work to classify the historic estimate as a current mineral resource.

iMetal is not treating the historical estimate as a current mineral resource.

The deposit was discovered by Noranda in the late 1970s to early 1980s by following glacial dispersion trains up ice to the source. Drilling continued into the late 1980s, with further drilling in the early to late 2000s and early 2011s. The drilling database was used to calculate the 2011 historic resource estimate, with further drilling completed subsequent to the release of the estimate. The Kerrs gold deposit consists of a series of gold-bearing pyritized quartz vein replacement breccias enveloped by quartz fuchsite carbonate vein breccias averaging approximately 10 metres and alteration envelopes varying up to 40 metres in thickness. Gold is directly related to pyrite content which ranges to 10 per cent and is commonly found as disseminations and crystal aggregates in the sheeted, quartz vein replacement breccias. These breccias, averaging 31 per cent quartz, exhibit reasonable correlation conforming to volcano-stratigraphic contacts, as well as moderate to good continuity in grade correlations at the lower and upper boundaries of the vein breccia and alteration envelope assemblages.

The Kerrs gold deposit is strata bound, occurring at the contact of a thick, mafic pillow flow sequence overlying an ultramafic, magnetite-rich flow sequence. Quartz feldspar porphyry sills are spatially located above and below the breccia zones. This stratigraphy is synclinally folded with the deposit lying 350 metres (m) to 425 m below surface. Drilling has traced the main zone 800 metres and remains open in both directions and at depth.

The Company plans an immediate review of the historical database to define target areas to both significantly expand the historic resource and to test for additional structures. The company has yet to verify the historical data.

**Kerr's Gold Exploration Completed During the Year Ended May 31, 2022**

None

**Kerr's Gold Exploration Completed Subsequent to the Year Ended May 31, 2022**

None, however the Company has recently acquired the remainder of the Kerrs database and is reviewing the new data and incorporating it into the geological model in preparation for a drilling program.

**Mosher Lake Property**

In October 2017, the Company entered into an option agreement for mineral properties in Gowganda, Ontario. The option agreement includes cash payments totalling \$50,000 and share issuances totalling 120,000 which have been completed in full. The Mosher Lake property now forms part of the Gowganda West property.

**Ghost Mountain Property**

During the year ended May 31, 2017, the Company entered into an option agreement for mineral properties in Kirkland Lake, Ontario. The option agreement includes cash payments totalling \$50,000 and share issuances totalling 60,000 which have been completed in full.

Ghost Mountain, lying within the Abitibi Greenstone Belt, has a long, sporadic exploration history going back to the 1950s. Originally, the ground around Ghost Mountain was prospected and drilled for asbestos with one hole completed on the current claim block. The hole appears to have been drilled perpendicular to stratigraphy, intersecting peridotite from bedrock to full depth at 695 feet (211.8 metres). The next drilling took place in 1974, with one hole drilled within the claim block. Intermediate volcanics, rhyolite, graphitic tuff and andesite were intersected with several areas of quartz veins and sulphides noted. A further drill hole was completed in 1983, in the opposite direction to the 1974 hole, intersecting metasediments and andesites, with local areas of quartz veins and sulphides. One hole was drilled south of the claim block in 1991, with the last 75 metres underlying the current claim block, intersecting mafic and ultramafic volcanics. The ultramafic carried ankerite, sericite and fuchsite with fracture filling pyrite. The final historic drilling was

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completed in 1993, with one hole lying within the current property. This hole was an extension of an earlier hole, intersecting mafic to ultramafic volcanics with strong to pervasive ankerite and local sericite and fuchsite. There were no assays filed with any of the drill logs.

The Company plans to undertake preliminary geological mapping, sampling and prospecting surveys over on Ghost Mountain during the upcoming field season.

**Ghost Mountain Exploration Completed During the Year Ended May 31, 2022**

None

**Ghost Mountain Exploration Completed Subsequent to the Year Ended May 31, 2022**

On June 6, iMetal announced the completion of a drone magnetics survey at Ghost Mountain. The drone magnetic survey was undertaken to highlight geophysical anomalies that may be related to structural zones or corridors which may have acted as conduits and/or hosts for precious metal mineralization. While assay results from the historic drilling are not available, areas of intense alteration, quartz veining and sulphides were noted in the drill logs, supporting the potential of the Ghost Mountain property.

**Temagami North Property**

The Temagami North property originally consisted of several non-contiguous mining claim units in the New Liskeard/Cobalt kimberlite field in north-eastern Ontario. It is underlain by Archean basement rocks that also host the Victor Pipe near Attawapiskat. De Beers brought into the Victor pipe into production in 2008, and subsequently won Mining Magazine's prestigious 'Mine of the Year' award in 2009. De Beers reported a 36 million tonne inferred resource grading 0.43 carats per tonne. The Victor Pipe lies at the northern extension of the Lake Timiskaming Structural Zone (LTSZ), a broad northwesterly trending zone that hosts numerous kimberlite clusters. More than 30 kimberlite pipes with and without diamonds have been located along the LTSZ south and east from Attawapiskat to Kirkland Lake and into the New Liskeard/Cobalt area.

During the year ended May 31, 2022, the Company terminated the option with the underlying concession holder and has no further obligation with respect to the project. There were \$7,192 in historical capitalized costs associated with this project which were written off during the year ended May 31, 2022.

**Carheil Property**

The Company owns 54 claims until August 2022 in Quebec.

*R. Tim Henneberry, PGeo (British Columbia), a Director of iMetal Resources Inc., is the qualified person who has reviewed and approved the technical content of this MD&A on behalf of the Company.*

**SELECTED ANNUAL INFORMATION**

	For the years ended		
	May 31, 2022	May 31, 2021	May 31, 2020
	\$	\$	\$
Net loss	(1,656,691)	(1,855,169)	(648,026)
Basic (loss) per share	(0.12)	(0.18)	(0.01)
Total assets	6,459,468	4,154,447	2,759,955
Working capital/(deficiency)	1,826,507	704,144	(224,062)

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**RESULTS OF OPERATIONS**

*Revenues*

Due to the Company's status as an exploration and development stage mineral resource company and a lack of commercial production from its properties, the Company currently does not have any revenues from its operations. Its only source of revenue is interest income.

*Operating expenses*

***For the year ended May 31, 2022 and 2021***

The net loss for the year ended May 31, 2022, was \$1,656,691 as compared to a loss of \$1,855,169 for the year ended May 31, 2021.

*Consulting fees* for the year ended May 31, 2022 was \$360,561 compared to \$593,922 for the year ended May 31, 2021. The decrease in current year is mainly due to Company reduced the business consulting activities for cost savings initiatives.

*Marketing* for the year ended May 31, 2022 was \$691,450 compared to \$498,549 for the year ended May 31, 2021. During the current year the Company increased the marketing promotion activities and undertook a marketing program to raise the Company's profile.

*Professional fees* for the year ended May 31, 2022 was \$138,725 compared to \$255,426 for the year ended May 31, 2021. The decrease in the current year was mainly there was no Special Meeting of Shareholders incurred in the current year, and therefore, the legal, corporate secretary and accounting fees are reduced in current year.

*Share-based payments* for the year ended May 31, 2022 was \$412,121 compared to \$351,000 for the year ended May 31, 2021. In the current year, the Company issued 2,170,000 stock options (2021 – 2,900,000) with a fair value of \$412,121 (2021- \$351,000) calculated using the Black-Scholes option pricing model.

***For the three months ended May 31, 2022 and 2021***

The net loss for the three months ended May 31, 2022, was \$1,115,597 as compared to a loss of \$361,509 for the three months ended May 31, 2021.

*Consulting fees* for the three months ended May 31, 2022 was \$70,975 compared to \$101,478 for the three months ended May 31, 2021. The decrease in current period is mainly due to the Company reduced the business consulting activities for cost savings initiatives.

*Marketing* for the three months ended May 31, 2022 was \$589,733 compared to \$123,424 for the three months ended May 31, 2021. During the current period, the Company increased the marketing promotion activities and undertook a marketing program to raise the Company's profile.

*Share-based payments* for the year ended May 31, 2022 was \$408,121 compared to \$19,000 for the three months ended May 31, 2021. During the current period, the Company issued 2,150,000 stock options (2021 – nil) with a fair value of \$408,121(2021- \$nil) calculated using the Black-Scholes option pricing model.

**Summary of Selected Highlights for the Last Eight Quarters**

Description	May 31, 2022	February 28, 2022	November 30, 2021	August 31, 2021
Net loss	(1,115,597)	(116,643)	(122,703)	(301,748)
Basic loss per share	(0.04)	(0.01)	(0.00)	(0.01)
Description	May 31, 2021	February 28, 2021	November 30, 2020	August 31, 2020
Net loss	(361,509)	(310,358)	(1,009,658)	(173,644)
Basic loss per share	(0.05)	(0.04)	(0.03)	(0.01)

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During the three months ended May 31, 2022, the Company recorded consulting fees of \$70,975, marketing fees of \$589,733, professional fees of \$62,750 and share-based payments of \$ 408,121.

During the three months ended February 28, 2022, the Company recognized a gain on debt settlement \$25,243 by settling \$54,643 of debt with a cash payment of \$15,000 and the issuance of 72,000 common shares from the date of issuance at a price of \$0.20 per share.

During the three months ended November 30, 2021, the Company recorded consulting fees of \$97,022, marketing fees of \$34,000, professional fees of \$26,104 and share-based payments of \$nil.

There are no significant variations in other quarterly results.

### **INDUSTRY AND ECONOMIC FACTORS**

The Company's future performance is largely tied to the outcome of its exploration programs, the price of precious and base metals, and the overall health and stability of junior capital markets, inclusive of the TSX Venture Exchange. The financial markets, upon which the Company is reliant, are subject to potential volatility, reflective of investor anxiety with regard to the strength and longevity of the global economy, global growth prospects, and their associated impact upon liquidity, security and return. This uncertainty has led to continued volatility in commodity markets.

Furthermore, unprecedented uncertainty in the credit markets has also led to increased difficulties in accessing capital. Junior exploration companies worldwide at times have been hit particularly hard by these trends. Accordingly, the Company may have difficulty raising additional equity financing for the purposes of gold and other precious mineral exploration without significantly diluting the position of its current shareholders.

### **FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

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, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

Currently, the Company has no operating revenues and does not anticipate any operating revenues until the Company is able to find or acquire and place in production an operating mining property. Historically, the Company has raised funds through loans, shares for debt settlements, private placements and the exercise of options and warrants.

Management is still working on raising additional capital, as further financing is required to continue with the Company's ongoing exploration and development plans as well as to pay for office and other administrative expenses. Management is constantly actively seeking additional financing, and while it has successfully done this in the past, there is no assurance that it will continue to be able to do so in the future. The Company's ability to continue as a going concern depends on management's continual success in raising funds.

The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable ore reserves in its mineral properties, the ability of the Company to obtain the necessary financing to complete development, confirmation of the Company's interest in the underlying mineral claims and leases and upon the future profitable operation of or obtaining sufficient proceeds from the disposition of its mineral properties.

The market price of metals is highly speculative and volatile. Instability in metal prices may affect the interest in mining properties and the development of and production from such properties. Any down-turn may adversely affect the Company's ability to raise capital to explore existing or new mineral properties.

The Company has incurred losses since inception. As at May 31, 2022, the Company had working capital of \$1,826,507 (May 31, 2021 – \$704,144), and management must continue to be successful in raising financing. Failing that, the Company faces a serious threat of insolvency and its ability to continue as a going concern.

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During the year ended May 31, 2022, the Company settled \$54,643 of debt by the issuance of 72,000 common shares with a value of \$14,400 from the date of issuance at a price of \$0.20 per share and a cash payment of \$15,000, resulting in a gain on debt settlement of \$25,243.

On April 1, 2022, the Company issued 3,500,000 common shares at a fair value of \$945,000 for the property acquisition of Kerrs Gold Property.

On April 7, 2022, the Company completed its non-brokered private placement by issuing 16,666,667 units for gross proceeds of \$2,000,000. Each unit consists of one common share and one share purchase warrant exercisable for a period of 24 months from the date of issue at a price of \$0.20 per share. The Company paid cash finder's fees of \$127,744 and issued an aggregate total of 1,064,533 finder's warrants at a fair value of \$290,000 under the same terms upon closing of the financing.

On April 7, 2022, the Company completed its non-brokered flow-through private placement by issuing 6,666,667 units for gross proceeds \$1,000,000. Each unit consists of one flow-through common share and one share purchase warrant exercisable for a period of 24 months from the date of issue at a price of \$0.20 per share. The private placement included participation by Funds Managed by Sprott Asset Management LP, which subscribed for flow-through units and agreed to waive entitlement to 2,644,669 warrants they would otherwise have been entitled to receive in connection with their subscription. As a result, a total of 4,021,998 warrants were issued to subscribers in connection with the private placement. The Company incurred finders' fees totaling \$33,804 and issued 225,360 finders' warrants with a fair value of \$61,000 under the same terms upon closing of the financing. A flow through premium liability of \$193,239 was recognized with respect to these flow through shares. Please refer to Note 8 for the details of flow through premium liability.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

#### **CONTINGENCIES**

In June 2019, the Company received a lawsuit in the Supreme Court of British Columbia from a shareholder citing that the Company terminated a consulting agreement between the shareholder and the Company and is seeking damages for breach of contract. However, in the opinion of management, the claim is without merit and the outcome is unknown. No provision has been recorded for this lawsuit.

#### **OUTSTANDING SHARES, STOCK OPTIONS, AND WARRANTS**

As at the date of this report, the Company had the following outstanding:

- 37,179,397 common shares
- Stock options

Number of Options	Exercise Price (\$)	Expiry Date
23,000	1.625	October 4, 2022
4,000	1.750	October 11, 2022
6,000	1.750	December 10, 2022
4,000	1.875	April 8, 2023
12,000	1.875	May 31, 2023
2,000	2.125	November 2, 2023
530,000	0.700	November 18, 2025
2,000,000	0.330	April 8, 2027
150,000	0.380	April 14, 2027
<u>2,731,000</u>		

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- Warrants

Number of Warrants	Exercise Price (\$)	Expiry Date
3,256,254	1.00	September 30, 2022
305,182	1.00	November 18, 2022
160,000	1.00	December 9, 2022
130,608	1.00	December 15, 2022
39,036	1.00	February 23, 2023
1,540,000	1.00	May 31, 2023
97,580	1.00	May 31, 2023
7,600	1.00	May 31, 2023
16,666,667	0.20	April 7, 2024
4,021,998	0.20	April 7, 2024
1,064,533	0.20	April 7, 2024
225,360	0.20	April 7, 2024
<b>27,514,819</b>		

**RELATED PARTY TRANSACTIONS**

The Company incurred expenses to related parties during the year ended May 31, 2022 as follows:

- \$60,000 (2021 - \$240,000) in consulting fees to a company owned by the Company's chief executive officer and director of the Company.
- \$nil (2021 - \$6,250) in consulting fees to a company controlled by a former director of the Company.
- \$155,000 (2021- \$219,000) in consulting fees to a company controlled by a director of the Company.
- \$60,000 (2021- \$45,000) in consulting fees capitalized to exploration and evaluation assets to a company controlled by a director of the Company.
- \$20,250 (2021 - \$138,372) in professional fees to a firm providing accounting and corporate secretary services where an officer and director of the Company is a partner.
- \$12,000 (2021 - \$nil) in consulting fees to a company controlled by an officer of the Company.

As at May 31, 2022, the Company owed \$nil (2021 – \$584) to a company controlled by a director of the Company.

As at May 31, 2022, the Company owed \$nil (2021 – \$5,250) to a company controlled by a director of the Company.

As at May 31, 2022, the Company owed a director of the Company is a partner and \$nil (2021 - \$299) as expense reimbursement.

Amounts owing to or from related parties are non-interest bearing and due on demand.

During the year ended May 31, 2022, the Company issued 1,600,000 (2021 –2,125,000) stock options with a fair value of \$323,201 (2021- \$266,228) to related directors and officers of the Company. During the year ended May 31, 2022, \$412,121 in total (2021 - \$351,000) has been included in share-based compensation.

**RECENT ACCOUNTING POLICIES**

Please refer to the May 31, 2022 audited consolidated financial statements on [www.sedar.com](http://www.sedar.com).

## **FINANCIAL INSTRUMENTS**

Please refer to the May 31, 2022 audited consolidated financial statements on [www.sedar.com](http://www.sedar.com).

## **RISKS AND UNCERTAINTIES**

The Company is engaged in the acquisition and exploration of exploration and evaluation assets. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases eliminate the risk involved. The commercial viability of any material deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Annual losses are expected to continue until the Company has an interest in an exploration and evaluation asset that produces revenues. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. The Company's accompanying financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

## **PROPOSED TRANSACTIONS**

There are no proposed transactions that have not been disclosed herein.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from management's estimates.

## **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

### **Changes in Internal Control over Financial Reporting ("ICFR")**

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim consolidated financial statements and the audited annual consolidated financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

**MANAGEMENT'S RESPONSIBILITY OF FINANCIAL STATEMENTS**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

**OTHER MD&A REQUIREMENTS**

Additional disclosure of the Company's technical reports, material change reports, news releases and other information can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com).