Cobalt Blockchain Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended May 31, 2021

This MD&A is prepared as of September 22, 2021 and should be read in conjunction with the audited annual financial statements of Cobalt Blockchain Inc. (the "Company" or "COBC") for the year ended May 31, 2021 and comparatives for the year ended May 31, 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address future exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements and readers should not place undue reliance on such statements. Additional information can be found on SEDAR, www.sedar.com or on the Company's website www.cobc.co. All amounts are in Canadian dollars.

EXECUTIVE SUMMARY

Cobalt Blockchain Inc. (TSX-V: COBC; OTC: COBCF), is a resource company focusing on exploration and development potential in Africa, and is evaluating opportunities in other related verticals such as metals trading, processing and refining, and in other operational jurisdictions.

In August 2020 the Company reorganized the board and management structure, appointing Mr. Peter Copetti as Executive Chairman and CEO. Following a review, the Company re-affirmed its commitment to build a conflict-free, ethically sourced mining, processing, and metals trading platform. The Company's strategic interest is in energy metals, in particular cobalt, copper, and other battery metals, in view of the anticipated increasing need driven by growth in the electronic device and electric vehicle industries. Included in other battery metals are lithium, nickel, graphite, aluminum, manganese, and zinc.

In February 2021, a Special Advisory Committee was created to provide guidance to the board on strategic and operational matters.

In April 2021, the Company announced that negotiations with Traxys Europe S.A. ("Traxys") to establish a commercial partnership with respect to the Traxys-owned cobalt hydroxide plant had been terminated. As this plant was to have comprised a core piece of the Company's conflict-free, ethically sourced mining, processing, and metals trading platform, the Board and Special Advisory Committee conducted a review of the Company's business plan and strategy in order to make appropriate adjustments to advance the business, and the Company remains actively engaged in a search to acquire an interest in other cobalt/copper/EV metals mineral properties with a view to other possible joint ventures and acquisitions.

Ongoing during the year has been an assessment of the status of the properties intended to be the basis of the Cobalt Blockchain SAS and Alpha Cobalt joint ventures which were set up in 2018. In both cases, title to the associated properties has not yet been transferred to the respective entity, nor have the vendors demonstrated that they will be able to provide clean and clear title. It is now extremely unlikely that either of these joint ventures will proceed – refer to further commentary on DRC properties on page 4.

During the year the Company determined that any potential future activities which might occur in the DRC would be conducted through a new DRC entity which would be created at the appropriate time. Accordingly, the Company recorded an abandonment of its interest in its Belair African Metals ("BAM") subsidiary, giving rise to a loss on abandonment of $55,491 arising from cumulative foreign exchange differences which have been included in the foreign currency translation reserve.

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During the 2018/2019 period, resources were dedicated to the enhancement of existing traceability programs to better ensure metals are sourced and traded conflict-free. COBC developed with its partner and input from other supply chain participants a proof-of-concept version of a traceability platform based on distributed ledger technology (blockchain), demonstrated using 3T data, and compliant with the Organisation for Economic Co-operation and Development ("OECD") due diligence framework for the provenance of ethically-sourced minerals, and entered into a joint venture arrangement under the tradename "Mintrax' in furtherance of the vision of ethically-sourced minerals with a trustworthy provenance supported by full traceability. Mintrax remains a potential traceability platform for conducting ethical sourcing of minerals.

COVID 19 AND GOING CONCERN

The global pandemic declared in March 2020 by the World Health Organization related to the "COVID 19" virus continues to run its course although, now in its second year, access to vaccines has enabled some level of normalcy to return to the business environment. Steps implemented by governments locally and abroad to combat the spread of the virus (including certain restrictions on travel, various forms of quarantine, social distancing, and varying levels of forced business closures) continue to create volatility in the global economy and capital markets, consequences of which have, and may continue to have, a negative impact the Company's ability to implement its strategic plans as well as ability to raise funds.

The direct impact of the pandemic on the Company's operations has been to restrict key executive travel which, in turn, imposed limitations on the Company's ability to progress projects, assess other opportunities, and interact with stakeholders internationally. Access to vaccinations has now provided some measure of relief in this regard. The Company continues to follow federal and provincial COVID guidelines to protect personnel from probable exposure to the virus.

With continued uncertainty surrounding the duration, intensity, and direction of the COVID 19 crisis, the resulting impact on the Company's financial position, results of operations and cash flows in future periods remains unquantifiable and may be material. Consequently, factors related to COVID 19 continue to elevate the level of going concern uncertainty.

CORPORATE DEVELOPMENTS

Corporate Restructuring

In late 2019, the Board of Directors identified the need to restructure the Company to be able to better pursue its strategic goals, with a mandate to establish a new management structure and a more sustainable capital framework. This resulted in the reorganization of its board and management announced in August 2020, which included the appointment of Mr. Peter Copetti as Executive Chairman and Chief Executive Officer.

Mr. Copetti was selected because of his experience in capital markets and corporate leadership, notably in restructuring, mergers and acquisition. Most recently, Mr. Copetti served as Executive Co-Chairman of the Board and interim CEO of POET Technologies, which transformed from a strategic gallium play, into a gallium arsenide photovoltaic company, and finally, with its acquisition of DenseLight and BB Photonics, into a full-fledged semiconductor devices company.

As part of the restructuring, Messrs. H.J. Blake and Lance Hooper stepped down from the board. Continuing to serve as President and Chief Operating Officer since that time, Mr. Hooper tendered his resignation form the Company with effect from April 30, 2021, as announced on February 1, 2021. The Company appointed John F. O'Donnell, BA, LLB to the board in September 2020.

Mr. O'Donnell is a businessman and lawyer based in Toronto, Canada, and is primarily involved in the fields of corporate finance and securities law. He previously served as counsel to, and/or a director, officer, or chairman of several private and publicly traded technology, biotechnology, and resource companies with projects located in North America, South America, Asia, Africa, and Europe – including RX Gold & Silver (now Americas Gold and Silver), Peloton Minerals, African Metals, POET Technologies, and Nerium Biotechnology.

In February 2021, the Company announced the creation of a Special Advisory Committee which will provide guidance to the Board of Directors and management on strategic and operational matters of particular relevance to the DRC, as well as in other jurisdictions and industry verticals of interest.

The appointees to the Special Advisory Committee are:

Julian Knight

Mr. Julian Knight has extensive consulting experience in mining projects across the globe, and across various commodities and minerals, such as gold, copper, platinum group metals ("PGMs"), coal, ferrous metals and non-ferrous metals such as cobalt, tin, zinc and nickel. Julian started his career as a process control engineer designing and implementing advanced process control solutions in Southern Africa and South America. Since then he moved into a role as Senior Process Engineer for a consulting firm in Johannesburg, South Africa, where he eventually headed up the metallurgy and process engineering department for a number of years.

He has expertise in designing and managing metallurgical test work programs, completing technical feasibility studies and due diligences, competent person reporting, capital and operating cost modelling, metallurgical accounting and process plant optimisation. A large part of Julian's role has been to evaluate projects at various stages of project life in terms of resources, metallurgy, mining, processing potential and costs in order to determine economic viability.

Ngoy Kaumba Banza

Mr. Ngoy Kalumba Banza has extensive experience as the Chairman of TIAfrica, with offices in Lubumbashi, Kinshasa, and Kolwezi in the DRC, with a background in global management, accounting and taxation, human resources management and workforce placement, specific to the region.

He graduated in Economic and Social Law at the University of Lubumbashi in the DRC. During his career as a lawyer, he was twice a member of the Lubumbashi Bar Council and was assigned as a member of the commission in charge of ensuring the twinning between the Bar of Lubumbashi and that of Dutch-speaking Brussels.

He assumed the role of the Mines and Quarries Representative in the DRC and is a former member of the International Criminal Bar. After a 24-year career in law, he retired as a lawyer to focus on the creation and development of Group TIA.

Simeon Tshisangama

Mr. Simeon Tshisangama has run multiple mining operations in the DRC. He is the founder and CEO of TSM Entreprise, a private DRC-based mining company focused on the production of copper and tin, with a portfolio of exploration and production projects.

Mr.Tshisangama is a director of African Metals Corporation (TSXV: AFR) and until recently served as President and CEO.

For a period of six years between 2012 and 2018 he served as Chairman and President of Clairmont Metals Corporation, a private mining company headquartered in Toronto, Ontario that focused on copper and cobalt intermediate products, including concentrates and alloys.

He holds a degree in Social Science from the University of Lubumbashi in the DRC.

Benjamin Clair

Mr. Benjamin Clair is an expert in mining and the global mineral trade, with experience in banking and commodity trading and specific expertise in the fields of Artisanal & Small-scale Mining and supply chain due diligence. He brings over 15 years of experience working in post-conflict and high-risk areas, with a focus on Central Africa, where he has implemented large international development projects and built an extensive network of contacts and information relays.

As general manager of supply chain innovation firm BetterChain, Benjamin has developed several traceability and monitoring solutions to raise the quality of information available from remote locations and underserved communities, thus improving risk management and stakeholder engagement. He is also a co-founder of the non-profit research and advisory group HIVE, and founder and CEO of DataStake, a data crowdsourcing software.

Benjamin holds two MA degrees, one in International Business from Paris Dauphine University, and the other in Economics & Finance from Bordeaux Montesquieu University.

Since restructuring initiatives commenced, debt settlement agreements with related and third-party creditors have resulted in debt reduction of $2.39 million with a gain on settlement of $1.6 million, and in addition $2 million gross proceeds have been raised through private placements, providing a much-improved base to advance the Company's strategic development.

DRC Copper / Cobalt Joint Venture Properties

Following COBC's announcement on March 22, 2018, the company completed early exploration work on the Cobalt Blockchain SAS Joint Venture. Initial property payments totaling US$50,000 were made to the local JV partner on the completion of initial due diligence related to property title and a baseline geological assessment. During the year ended May 31, 2021, the Company engaged DRC legal counsel to progress transfer of the concessions into the joint venture entity. During this process it became evident that at this time it is extremely unlikely that the vendor will be able to deliver clean title, in which case this joint venture will terminate. Should the JV proceed then, subject to transfer of the concessions and confirmation of registration of title, and subject to TSX Venture Exchange approval, the balance of US$50,000 in cash will be paid in tranches to the local JV partner. A NI 43-101 compliant technical report has received conditional approval from the TSX Venture Exchange and will be filed on SEDAR once final approval of the transaction is issued.

A second joint venture, Alpha Cobalt, is subject to, and dependent upon, clear title to two mineral exploration permits being transferred to a joint venture entity. Title to the permits is under dispute, and although the JV partner has assured the Company that the situation will be resolved, there is as yet no sign that there will be a satisfactory resolution. Management has concluded that that the vendor will be unable to comply with these obligations, and the JV will lapse.

CAPITAL STOCK AND FINANCING

On August 25, 2020, the Company closed a first tranche brokered private placement for gross proceeds of $1 million. The Company issued 20,000,000 Units at a price of $0.05 per Unit, with each Unit consisting of one common share of the Company and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire one additional common share of the Company at a price of $0.20 until August 25, 2022.

In consideration for its services in connection with the First Tranche, the Company paid the Agent a cash fee of $70,000, reimbursed it for certain expenses and issued to the Agent 2,000,000 non-transferable broker warrants (the "Broker Warrants"). Each Broker Warrant entitles the holder to acquire one Unit of the Company (having the same terms as those issued in the First Tranche) at a price of $0.05 until August 25, 2022.

On September 18, 2020, the Company closed a Second Tranche brokered private placement for gross proceeds of $1 million. The Company issued 20,100,000 Units at a price of $0.05 per Unit, with each Unit consisting of one

common share of the Company and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire one additional common share of the Company at a price of $0.20 until September 18, 2022.

In consideration for its services in connection with the Second Tranche, the Company paid the Agents a cash fee of $70,350, reimbursed it for certain expenses and issued to the Agents 2,010,000 non-transferable broker warrants (the "Broker Warrants"). Each Broker Warrant entitles the holder to acquire one Unit of the Company (having the same terms as those issued in the First Tranche) at a price of $0.05 until September 18, 2022.

There were no financing transactions in the year ended May 31, 2020.

OPERATIONS

Exploration Projects

As outlined in the Corporate Developments section, both joint ventures entered in 2018 are unlikely to proceed due to inability of the joint venture partners to deliver the respective subject properties. Consequently no exploration related activities have taken place during the year. However numerous potential projects have been assessed, though as yet no transaction has been concluded.

Mineral Tracking

On August 2, 2018, the Company announced the finalization of the joint venture agreement with DLT Labs Inc. ("DLT") to commercialize Mintrax, an enterprise-grade blockchain platform providing secure and transparent methods for tracking the provenance of metals and minerals through the entire mining supply chain from source to end user. Mintrax has completed the framework for a provenance protocol and has piloted a user-interface layer for its blockchain provenance system. This was demonstrated to select stakeholders, in order for stakeholder feedback to be integrated into a fully functional and practicable system which has yet to be developed.

Under terms of the joint venture agreement, a joint venture entity Mintrax Inc. was established. The Company and DLT each hold a 50 % interest in the share capital of Mintrax Inc. and have equal representation on the Board of Directors. Mintrax remains a potential vehicle for traceability in the future but would require significant additional investment to bring to a fully functional implementation.

SELECTED ANNUAL INFORMATION

	2021	2020	2019
Net Loss $'000	393	1,248	3,681
Net Loss per Share	0.002	0.008	0.022
Total Assets $'000	693	383	153
Total Liabilities $'000	846	2,771	1,280

The net loss for the year ended May 31, 2021, reflects a gain on debt settlement of $1.6 million, which is partly offset by higher stock- based compensation which increased by $596,000 over the previous year. The year ended May 31, 2019, included stock-based compensation of $1.8 million.

EXPLORATION AND EVALUATION COSTS

All costs related to the exploration and evaluation of mineral resources are expensed (net of grants received) as exploration and evaluation ("E&E) costs. The policy is to expense all such expenditures until they are proven recoverable. Once a project has been established as commercially viable and technically feasible, all development costs will be capitalized. If the project is brought into production, these costs will be amortized against the income generated from the property.

No E&E expenditures were incurred in the year ended May 31, 2021.

GENERAL AND ADMINISTRATIVE EXPENSES

	2021	2020
Expenses		
Corporate and administrative expenses	$ 586,861	$ 114,996
Depreciation (note 9)	34,571	34,746
Director fees	31,245	-
Insurance	-	8,603
Interest	7,338	8,878
Management and consulting fees	476,632	720,944
Marketing	30,543	54,833
Premises rent	39,605	37,223
Professional fees	132,499	363,847
Share-based compensation (note 8(c))	598,929	2,817
Shareholder communications	6,163	4,123
Travel	4,699	42,618
Net loss before the undernoted	(1,949,085)	(1,393,628)
Gain on disposal of assets (note 15)	-	145,405
Loss on abandonment of subsidiary (note 16)	(55,491)	-
Gain on settlement of debt (note 17)	1,610,762	-
Net (loss) for the year	(393,814)	(1,248,223)

Note references refer to notes contained in the financial statements

The increase in corporate and administration expenses arises due to the inclusion of salaries for employees performing roles previously provided through management and consulting fee contracts and is offset by a reduction in fees charged under those contracts. Other cost items generally reflect reduced spending in line with corporate activity during a period constrained by COVID-19 conditions.

The gain on debt settlement reflects the results of settlement agreements entered into with directors, officers and third-party creditors of the Company.

SUMMARY OF QUARTERLY RESULTS

Financial year	2021				2020			
$'000	May 2021	Feb 2021	Nov 2020	Aug 2020	May 2020	Feb 2020	Nov 2019	Aug 2019
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss /(Gain) $'000	260	394	746	(1,006)	309	294	389	256
Loss/(Gain) per common share	0.001	0.002	0.004	(0.005)	0.002	0.002	0.002	0.001
Total assets $'000	693	967	1262	754	383	362	333	300

DEBT SETTLEMENTS

During August 2020 the Company entered into debt settlement agreements with certain directors and officers and entities related to them whereby cash payments totaling $144,128 would be made for the settlement of accrued and unpaid fees owing in the aggregate amount of $1,480,983. As at May 31, 2021 50% of the cash payment amounts remained unpaid. The debt settlements were conditional upon the reimbursement in full of amounts owed for loans, advances or payments made to or on behalf of the Company by such parties totaling $279,024. Subsequent to May 31, 2021, the Company concluded further settlement agreements with related parties, under which debt of $173,985 was settled by cash payments of $100,316, and in addition debt due to third parties totaling $282,047 was settled by cash payments of $56,400.

Under agreements reached with third party creditors, the Company has made cash payments of $37,812 and issued 150,000 common shares to settle claims in the amount of $201,397, and claims totaling a further $187,822 were settled through the issuance of 500,000 shares in February 2021. Subsequent to May 31, 2021, debt owed to a consultant of $34,600 was settled by a cash payment of $22,500. In addition, a debt settlement agreement was entered into whereby debt amounting to $247,447 was settled by a cash payment of $33,900.

The Company balance sheet has been significantly improved as a result of these settlements.

LIQUIDITY

The Company's operations to date been funded primarily through the issuance of common shares and from time to time through debenture loans. The Company anticipates that it will continue to be able to utilize equity financing until it develops cash flow from operations, but there is no certainty that the Company may be successful in this regard. Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in its liquidity either materially increasing or decreasing in the foreseeable future. Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of its projects as well as its continued ability to raise capital.

As discussed in the Capital Stock and Financing section (page 3 above), the Company raised gross proceeds of $1 million on August 25, 2020 and a further $1 million on September 18, 2020 on closing of tranches of a private placement, and the overall working capital position was further improved by favourable debt settlement agreements.

Cash as at May 31, 2021 was $548,894 (May 31, 2020 - $1,652). The Company has a long-term lease liability in respect of office premises. Accounts payable and accrued liabilities at May 31, 2021, were $609,528 (May 31, 2020 - $2,629,342), current lease liabilities were $36,502 (May 31, 2020 - $33,704), and the Company owed $Nil (May 31, 2020 - $34,993) in respect of short term loans and advances. Subsequent to May 31, 2021, the Company entered into debt settlement agreements whereby liabilities totaling $456,0322 were settled through cash payments totaling $156,716 as set out in the Debt Settlement section above.

At present, the Company's operations are not generating cash flow and the ability to raise the capital resources to undertake its objectives is dependent upon the venture capital market. Actual funding requirements may vary from those planned due to a number of factors, including the progress of development activities. Management believes it will be able to raise equity capital as required but recognizes there will be risks involved that may be beyond their control. The Company will adjust its activities according to available funding.

CAPITAL RESOURCES

In the past the Company has relied on the issuance of common shares, advances from related parties and promissory notes to fund working capital. The Company is actively seeking capital to fund corporate administrative activities, options on mineral properties and new acquisitions. The Company raised gross proceeds of $1 million in August 2020 and a further $1 million in a second tranche on September 18, 2020.

As at May 31, 2021 the Company's share capital was $28,425,480 (May 31, 2020: $26,939,593) representing 216,475,781 common shares issued and outstanding, without par value.

OUTSTANDING SHARE DATA

As at September 22, 2021:

Common shares issued and outstanding:	217,075,781
Restricted Stock Units	1,500,000
Warrants	48,551,602
Options	15,795, 307
Fully diluted	282,922,690

CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

On August 17, 2020, the Company entered into a consulting agreement with Hooper Mining Services to provide consultancy support for a period of one year for a fee of $11,000 per month. This agreement was terminated with effect from August 31, 2021.

On August 17, 2020, the Company entered a consulting agreement with Minefind Technologies Corp. to provide the services of Lance Hooper as its President and Chief Operating Officer for a fee of $18,500 per month. This agreement terminated on April 30, 2021.

On August 17, 2020 the Company entered into an agreement with 1765251 Ontario Inc. to provide the services of Philip Gibbs as its Chief Financial Officer for a fee of $10,000 per month. The Company may terminate the agreement by giving 90 days written notice of termination.

Under terms of a joint venture agreement with DLT., the Company may be required to advance convertible loan financing of up to $500,000 in tranches to match the financial requirements of Mintrax Inc. Each advance would bear interest at 10% per annum.

Exploration activities conducted by the Company are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

RELATED PARTY TRANSACTIONS

Management, technical and administrative support is received from directors and officers, key management, of the Company and paid for at rates representative of fair market value. Compensation paid to key management includes share-based compensation.

During August 2020 the Company entered into debt settlement agreements with certain directors and officers and entities related to them to settle accrued and unpaid fees owing in the aggregate amount of $1,480,983, by cash payments totaling $144,128, of which 50% remained outstanding as of May 31, 2021. In July 2021 further debt settlements were entered into whereby debt amounting to $173,985 was settled through payments totaling $100,316.

The following table reflects transactions paid or accrued with related parties during the years ended May 31, 2021and May 31, 2020:

	2021	2020
Emoluments and fees paid or accrued to CEO	$ 300,000	$ -
Bonus payable to CEO	81,250	-
Management fees to Hooper Mining Services, a company controlled by a director and officer	256,200	634,764
Consulting fees paid to a former director	156,951	-
Accounting fees to a company controlled by an officer	118,839	96,000
Legal and secretarial fees to a company of which a director is a principal	128,513	145,068
Consulting fees to a company controlled by a director	-	117,804
Directors fees paid or accrued	31,245	23,378
	$ 1,072,998	$ 1,017,014

Included in accounts payable and accrued liabilities are amounts outstanding to related parties of which the total amount outstanding to related parties as of May 31, 2021, after payment of 50% of debt settlement agreement amounts mentioned above, was $268,108 (May 31, 2020 - $1,924,901). Subsequent to May 31, 2021, related party debt of $173,985 was settled by payment of $100,316. Included in short term loans and advances are loans and advances from related parties of $Nil (May 31, 2020 - $34,993).

During the year ended May 31, 2021, the Company granted 10,000,000 (2020 – Nil) stock options to directors and officers which vested immediately. Share-based compensation of $566,645 related to directors and officers was incurred in the year ended May 31, 2021 (2020: $2,817).

Management believes these transactions are in the normal course of business.

RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business, which has been the acquisition, financing, exploration and development of resource properties, and will potentially include involvement within the high technology sector. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward–looking information relating to the Company. Please also see Note 4 – Capital Risk Management and Note 5 – Financial Risk Management of the Financial Statements for the year ended May 31, 2021.

Nature of Resource Exploration

Resource exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when resources are discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of resources or reserves of targeted minerals or of discoveries or development of commercial operations..

Environmental Risks and Hazards

All phases of the Company's operations are subject to applicable environmental regulations. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability.

Permits, Laws and Regulations

Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of resource properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in resource operations may be required to compensate those suffering loss or damage by reason of the activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Additional Funding Requirements

As discussed, the Company's projects to date have been in exploration stage only. The Company has no source of operating cash flow and will need to raise additional funds to undertake projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The development of exploration properties by the Company would depend on the ability of the Company to obtain financing through debt financing, equity financing or other means. If exploration programs undertaken by the Company are successful, additional funds will be required to develop projects. The only source of future funds presently available to the Company is the sale of equity capital. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions, as well as on the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing if needed on satisfactory terms. If additional financing is raised by the issuance of shares from the treasury of the Corporation, control of the Company may change, and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce its scope, eliminate one or more exploration related activity or relinquish rights to interests it may hold. Failure to obtain additional financing on a timely basis could cause the Company to forfeit some or all of its interests and reduce or terminate its operations.

Prices for Commodities

The profitability of the Company's operations will be dependent upon the market price of commodities. Energy prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems, and political developments. The price of commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations.

Title to Property

The acquisition of title to resource properties is a very detailed and time-consuming process. The Company may acquire an interest in its properties through land use permits. Title to, and the area of, the properties may be disputed. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the property in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the property.

Dependence on Outside Parties

The Company has relied upon consultants, engineers and others and intends to rely on such parties in the future. Substantial expenditures are required to develop exploration infrastructure at a remote site, to establish reserves through sampling and drilling, and to carry out environmental and social impact assessments. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a materially adverse effect on the Company.

Conflicts of Interest

A number of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation. Further, certain of the directors and officers are involved in other enterprises involved in resource exploration. As a result, conflicts of interest may arise, and officers and directors cannot devote 100% of their time to the Company.

Internal Controls

The Company has invested resources to document and analyze its system of internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at May 31, 2021, or as of the date of this report.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires that management make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates.

The most significant estimates and judgements used in the preparation of these financial statements relate to the recoverability of property, plant and equipment, warrant and stock option valuations and income taxes.

a) *Recoverability of property, plant and equipment:*

The Company assesses the carrying value of plant and equipment each reporting period to determine whether any indication of impairment exists. Determining if impairment indicators exist is a key management judgement. The calculation of recoverable amount requires the use of estimates and assumptions.

b) *Valuation of warrants and stock options:*

The calculation of the fair value of warrants and stock options issued requires the use of estimates of inputs in the applicable valuation models.

c) *Deferred income taxes:*

The interpretation of existing tax laws or regulations in Canada where the Company's operations are located requires the use of judgement. Differing interpretation of these laws or regulations could result in an increase in the Company's taxes, or other government changes, duties or impositions. In addition, the recoverability of deferred income tax assets, including expected periods of reversal of temporary differences and expectations of future taxable income, are assessed by management at the end of each reporting period.

MANAGEMENT'S EVALUATION OF DISCLOSURE CONTROLS

Management is responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Company's disclosure controls and procedures as at May 31, 2021 and have concluded that these controls and procedures are effective.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with IFRS. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed as at May 31, 2021.

CAUTIONARY NOTES AND FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking information and statements within the meaning of applicable securities laws and may include future-oriented financial information. All information other than matters of historical fact may be forward-looking information. In some cases, forward-looking information can be identified by the use of words such as "seek", "expect", "anticipate", "budget", "plan", "estimate", "continue", "forecast", "intend", "believe", "understand", "predict", "potential", "target", "may", "could", "would", "might", "will", "ongoing", "outlook", "pending", "opportunity" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information is not, and cannot be,

a guarantee of future results or events. All forward-looking statements are inherently uncertain and subject to a variety of assumptions, risks and uncertainties, including risks, uncertainties and assumptions related to: the Company's ability to achieve stated goals; the estimated costs associated with the advancement of the Projects; risks and uncertainties relating to the COVID-19 pandemic and the extent and manner to which measures taken by governments and their agencies, the Company or others to attempt to reduce the spread of COVID-19 could affect the Company, which could have a material adverse impact on many aspects of the Company's business including but not limited to: the Company's ability to access properties for indeterminate amounts of time, the health of its employees or consultants resulting in delays or diminished capacity, social or political instability in jurisdictions of interest to the Company which may result in the reduced availability or failures of various local administration and critical infrastructure, reduced demand for the Company's potential products, availability of materials, global travel restrictions, and the availability of insurance and the associated costs; risks related to the certainty of title to properties; risks related to commodity price and foreign exchange rate fluctuations; risks related to foreign operations; the cyclical nature of the industry in which we operate; risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals; risks related to environmental regulation and liability; political and regulatory risks associated with mining and exploration; risks related to the uncertain global economic environment and the effects upon the global market generally, and due to the COVID-19 pandemic measures taken to reduce the spread of COVID-19, any of which could continue to negatively affect global financial markets, including the trading price of the Company's shares and could negatively affect the Company's ability to raise capital and may also result in additional and unknown risks or liabilities to the Company. Actual results may differ materially from those projected in the forward-looking statements and the Company cautions against placing undue reliance thereon. Except as required by applicable securities legislation, neither the Company nor its management assume any obligation to revise or update these forward-looking statements.