



## **GENIUS METALS INC.**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Year ended  
July 31, 2022  
(Fourth Quarter)

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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This management discussion and analysis ("MD&A") of Genius Metals Inc., ("Genius Metals" or "GENI" or the "Company") follows rule 51-102 of the Canadian Securities Administrators regarding continuous disclosure.

The following MD&A is a narrative explanation, through the eyes of the management of Genius Metals, on how the Company performed during the three-month period and year ended July 31, 2022. It includes a review of the Company's financial condition and a review of operations for the three-month period and year ended July 31, 2022 as compared to the three-month period and year ended July 31, 2021.

This MD&A complements the audited financial statements for the year ended July 31, 2022 but does not form part of them. It is intended to help the reader understand and assess the significant trends, risks and uncertainties related to the results of operations and it should be read in conjunction with the audited annual financial statements as at July 31, 2022 and related notes thereto.

The audited financial statements for the years ended July 31, 2022 and 2021 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of annual financial statements. The accounting policies applied in the financial statements are based on IFRS issued and effective as at July 31, 2021. On November 28, 2022, the Board of Directors approved, for issuance, the audited annual financial statements.

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). The shares of Genius Metals was listed since October 31, 2018 on the Canadian Securities Exchange ("CSE") and its trading symbol was "GENI". The Company has since listed on the TSX.V Stock Exchange ("TSXV") trading under the symbol "GENI" and has begun trading solely on this exchange since September 30, 2021. On January 18, 2022, in addition to trading on the TSXV, its shares commenced also trading on the American Stock Exchange OTCQB Market under the symbol "GNSMF".

## REPORT'S DATE

The MD&A was prepared with the information available as at November 28, 2022.

## CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business, the mining industry in general and the economic environment in which it operates as of the date of the MD&A. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". In the interest of providing shareholders and potential investors with information regarding Genius Properties, including management's assessment of future plans and operations, certain statements in this MD&A are forward-looking and are subject to the risks, uncertainties and other important factors that could cause the Company's actual performance to differ materially from that expressed in or implied by such statements. Such factors include, but are not limited to: volatility and sensitivity to market metal prices, impact of change in foreign currency exchange rates and interest rates, imprecision in reserve estimates, environmental risks including increased regulatory burdens, unexpected geological conditions, adverse mining conditions, changes in government regulations and policies, including laws and policies; and failure to obtain necessary permits and approvals from government authorities, and other development and operating risks. The preliminary assessments contained in the Technical Report referred to in this MD&A, and the estimates contained therein to date are preliminary in nature and are based on a number of assumptions, any one of which, if incorrect, could materially change the projected outcome.

Although the Company believes that the expectations conveyed by the forward-looking statements are based upon information available on the date that such statements were made, there can be no assurance that such expectations will prove to be correct. The reader is cautioned not to rely on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements unless required to do so by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to

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the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.

## NATURE OF ACTIVITIES

The Company was incorporated on May 25, 2018 under the *Canada Business Corporations Act.*, in conjuncture to the Acquisition by the Company of substantially all of the assets and liabilities including all of its Canadian mining properties of Cerro de Pasco Inc. (formerly Genius Properties Ltd.) by way of a spin-off. The Company head office is 203-22 Lafleur Ave N., Saint-Sauveur, Québec J0R 1R0.

The Company, an exploration and evaluation stage company, is in the business of acquiring and exploring mineral properties in Canada. Its focus is currently on the exploration and evaluation of its mineral properties in Québec, Nova Scotia and New-Brunswick

## BUSINESS DEVELOPMENT HIGHLIGHTS

The Company does not have business development events to report.

## SUBSEQUENT BUSINESS DEVELOPMENT HIGHLIGHTS

The Company does not have business development subsequent events to report.

## CORPORATE OBJECTIVES FOR 2023:

- The Company intends to focus on developing its Sakami property during 2023.
- On Sakami, the Company intends to continue to expand the scope of the known prospective zones (GoldenEye, Lamarche, Doukha and TransTaiga) while continuing to prospect the property to identify new prospective exploration targets.
- In parallel to the advancement of the exploration work on the Sakami property, the company intends to revisit its portfolio of properties to capitalize on the recent rise in demand for industrial metals and strategic minerals. On the KM381 (lithium) and the Lac Dissimieux (phosphate) properties, the company intends to establish relevant exploration programs and realize them alone or as a joint-venture with potential partners.

## EXPLORATION HIGHLIGHTS FOR THE THREE-MONTH PERIOD ENDED JULY 31, 2022

- During the month of May 2022, the company realized a prospecting campaign on the A-Lake property. A crew of four local prospectors spent three weeks on the property to investigate the claims by collecting grab and channel samples in the hopes of tracing the source of the high-grade copper boulders sampled earlier on the property. More than 150 samples were sent for multi-element assays.
- During the month of June 2022, the company realized the first phase of its summer exploration program on the Sakami property. A crew of eight geologists and technicians, a camp manager, a cook and a helicopter pilot were mobilized as part of this campaign. The objective of this first phase of exploration was to expand and unearth gold mineralization through geological and structural mapping, rock and channel sampling and collection of till material. A special emphasis was placed on the Langelier Complex where the company recently acquired a large block of claims. The till material sampling was realized on the volcanosedimentary assemblages south of the Langelier Complex. The goal of this sampling survey was to identify new gold prospective areas where limited outcrops are observed.

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## SUBSEQUENT EXPLORATION HIGHLIGHTS

- During the month of September 2022, the company launched a 2,000m to 3,000m diamond drilling program on the GoldenEye prospect of the Sakami property. This program follows the rock and soil sampling surveys completed earlier in the summer. The main objective of this program is to drill 3.2 km-long geophysical anomaly detected west of the GoldenEye showing by the recent IP/Resistivity survey. The company expects to extend westward the gold-bearing GoldenEye structure drilled during the 2021 campaign (1.45 g/t Au over 6.0 m and 2.53 g/t Au over 1.50 m).

## EXPLORATION ACTIVITIES FOR THE THREE-MONTH PERIOD ENDED JULY 31, 2022

During the three-month period ended July 31, 2022, the Company invested \$471,959 in exploration and evaluation assets before accounting for a tax credit related to resources and mining tax credits of \$18,751 and an impairment of \$208,898. During the three-month period ended July 31, 2021, the Company invested \$686,994 before accounting for a tax credit related to resources and mining tax credits of \$289,730 and an impairment of \$93,949 of which the main investments in both 2021 and 2022 were spent on Sakami property.

### GENIUS METALS INC. Mining properties & Exploration and evaluation assets For the three-month period ended July 31, 2022

	Dissimieux Lake QC	Sakami QC	KM381 QC	Iserhoff QC	Mt Cameron NS	Blockhouse NS	Kemptville NS	Chocolate Lake NS	Gold River NS	Meaghers NS	A Lake NB	A Lake Extension NB	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Exploration and evaluation assets</b>													
Drilling	-	20,015	-	-	-	-	-	-	-	-	-	-	20,015
Line cutting	-	200	-	-	-	-	-	-	-	-	-	-	200
Geophysical	-	-	-	-	-	-	-	-	-	-	12,565	-	12,565
Geology	-	2,905	-	-	-	-	-	-	-	-	-	-	2,905
Prospecting	-	355,012	-	-	-	-	-	-	-	-	40,204	-	395,216
General field expenses	405	40,653	-	-	-	-	-	-	-	-	-	-	41,058
Tax credit related to resources and mining tax credits	-	(18,687)	-	(64)	-	-	-	-	-	-	-	-	(18,751)
Impairment	-	-	-	-	-	-	(6,198)	(3,575)	(231)	-	(198,894)	-	(208,898)
	405	400,098	-	(64)	-	-	(6,198)	(3,575)	(231)	-	(146,125)	-	244,310
<b>Mining properties:</b>													
Mining rights	-	6,596	-	-	-	-	(5,955)	(7,649)	(1,905)	-	(77,113)	-	6,736
Impairment	-	-	-	-	-	-	(5,955)	(7,649)	(1,905)	-	(77,113)	140	(92,622)
	-	6,596	-	-	-	-	(5,955)	(7,649)	(1,905)	-	(77,113)	140	(85,886)
<b>Balance, beginning of period</b>	344,791	3,140,816	12,051	369,815	-	67,544	12,153	11,224	2,136	9,255	223,238	-	4,193,023
<b>Balance, end of period</b>	345,196	3,547,510	12,051	369,751	-	67,544	-	-	-	9,255	-	140	4,351,447

### GENIUS METALS INC. Mining properties & Exploration and evaluation assets For the three-month period ended July 31, 2021

	Dissimieux Lake QC	Sakami QC	KM381 QC	Iserhoff QC	Mt Cameron NS	Blockhouse NS	Kemptville NS	Chocolate Lake NS	Gold River NS	Meaghers NS	A Lake NB	A Lake Extension NB	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Exploration and evaluation assets</b>													
Drilling	-	433,651	-	-	-	-	-	-	-	-	-	-	433,651
Geophysical	-	17,752	-	-	-	-	-	-	-	-	-	-	17,752
Geology	-	1,280	-	-	-	-	-	-	-	-	-	-	1,280
Prospecting	-	136,703	-	-	-	-	-	-	-	-	1,035	-	137,738
General field expenses	375	80,169	-	-	-	-	-	-	-	-	-	-	80,544
Reporting	-	16,049	-	-	-	-	-	-	-	-	-	-	16,049
Tax credit related to resources and mining tax credits	(56)	(289,648)	(11)	(15)	(36,091)	-	-	-	-	-	-	-	(289,730)
Impairment	-	-	-	-	-	-	-	-	-	-	(57,858)	-	(93,949)
	319	395,936	(11)	(15)	(36,091)	-	-	-	-	-	(56,823)	-	303,315
<b>Mining properties:</b>													
Acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining rights	-	37,289	5,775	-	-	-	-	-	-	-	-	-	43,064
Impairment	-	-	-	-	(267,194)	-	-	-	-	-	(35,055)	-	(302,249)
	-	37,289	5,775	-	(267,194)	-	-	-	-	-	(35,055)	-	(259,185)
<b>Balance, beginning of period</b>	343,277	1,814,955	6,287	382,473	303,285	67,084	12,153	11,224	2,136	6,755	293,961	-	3,243,590
<b>Balance, end of period</b>	343,596	2,248,180	12,051	382,458	-	67,084	12,153	11,224	2,136	6,755	202,083	-	3,287,720

- On the A-Lake property, the company realized a prospecting campaign during the month of May 2022. A crew of four local prospector collected multiple rock and channel samples that were sent for multi-element assays.

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- On the Sakami property, the company realized a prospecting campaign during the month of June 2022 which included rock and channel sampling of the recently acquired claims in the Langelier complex but also a soil sampling campaign aimed at discovering gold prospective zones in areas where outcrops are limited.

## EXPLORATION ACTIVITIES FOR THE YEAR ENDED JULY 31, 2022

During the year ended July 31, 2022, the Company invested \$1,538,433 in exploration and evaluation assets before accounting for a tax credit related to resources and mining tax credits of \$181,354 and an impairment of \$209,467. During the year ended July 31, 2021, the Company invested \$1,583,684 before accounting for a tax credit related to resources and mining tax credits of \$419,026, an impairment of \$99,792 and a disposal of \$3,604 of which the main investments in both 2021 and 2022 were spent on Sakami property.

### GENIUS METALS INC. Mining properties & Exploration and evaluation assets For the year ended July 31, 2022

	Dissimieux Lake QC	Sakami QC	KM381 QC	Iserhoff QC	Mt Cameron NS	Blockhouse NS	Kemptville NS	Chocolate Lake NS	Gold River NS	Meaghers NS	A Lake NB	A Lake Extension NB	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Exploration and evaluation assets</b>													
Drilling	-	626,442	-	-	-	-	-	-	-	-	-	-	626,442
Stripping	-	-	-	-	-	-	-	-	-	-	6,933	-	6,933
Line cutting	-	47,949	-	-	-	-	-	-	-	-	-	-	47,949
Geophysical	-	215,849	-	-	-	-	-	-	-	-	12,565	-	228,414
Geology	-	18,657	-	188	-	-	-	-	-	-	-	-	18,845
Prospecting	-	381,237	-	-	-	-	-	-	-	-	53,556	-	434,793
General field expenses	1,600	172,428	-	-	-	-	-	-	-	-	-	-	174,028
Reporting	-	1,030	-	-	-	-	-	-	-	-	-	-	1,030
Tax credit related to resources and mining tax credits	-	(181,290)	-	(64)	-	-	-	-	-	-	-	-	(181,354)
Impairment	-	-	-	(10,573)	-	-	(6,198)	(3,575)	(231)	-	(198,894)	-	(219,471)
	1,600	1,282,302	-	(10,449)	-	-	(6,198)	(3,575)	(231)	-	(125,840)	-	1,137,609
<b>Mining properties:</b>													
Mining rights	-	17,028	-	2,765	-	460	-	-	-	2,500	870	140	23,763
Impairment	-	-	-	(5,023)	-	-	(5,955)	(7,649)	(1,905)	-	(77,113)	-	(97,645)
	-	17,028	-	(2,258)	-	460	(5,955)	(7,649)	(1,905)	2,500	(76,243)	140	(73,882)
<b>Balance, beginning of period</b>	343,596	2,248,180	12,051	382,458	-	67,084	12,153	11,224	2,136	6,755	202,083	-	3,287,720
<b>Balance, end of period</b>	345,196	3,547,510	12,051	369,751	-	67,544	-	-	-	9,255	-	140	4,351,447

### GENIUS METALS INC. Exploration and evaluation assets For the year ended July 31, 2021

	Dissimieux Lake QC	Sakami QC	KM381 QC	Iserhoff QC	Mt Cameron NS	Blockhouse NS	Kemptville NS	Chocolate Lake NS	Gold River NS	Meaghers NS	A Lake NB	A Lake Extension NB	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Exploration and evaluation assets</b>													
Drilling	-	433,651	-	-	-	-	-	-	-	-	-	-	433,651
Geophysical	-	331,832	-	-	-	-	500	-	-	-	58,308	-	390,640
Geology	1,103	45,456	228	333	-	-	-	2,875	-	-	9,527	-	56,647
Prospecting	-	521,379	-	-	-	-	-	-	-	-	17,725	-	541,979
General field expenses	625	144,093	-	-	-	-	-	-	-	-	-	-	144,718
Reporting	-	16,049	-	-	-	-	-	-	-	-	-	-	16,049
Tax credit related to resources and mining tax credits	(330)	(418,508)	(99)	(89)	-	-	-	-	-	-	-	-	(419,026)
Disposition	-	-	-	-	-	-	-	-	-	(3,604)	-	-	(3,604)
Impairment	-	-	-	-	(36,091)	(5,843)	-	-	-	-	(57,858)	-	(99,792)
	1,398	1,073,952	129	244	(36,091)	(5,843)	500	2,875	-	(3,604)	27,702	-	1,061,262
<b>Mining properties:</b>													
Acquisition	-	-	-	-	-	-	-	-	-	-	60,000	-	60,000
Mining rights	1,163	42,871	9,226	171	-	228	200	120	20	105	227	-	54,331
Disposition	-	-	-	-	-	-	-	-	-	(8,271)	-	-	(8,271)
Impairment	-	-	-	-	(267,194)	(2,907)	-	-	-	-	(35,055)	-	(305,156)
	1,163	42,871	9,226	171	(267,194)	(2,679)	200	120	20	(8,166)	25,172	-	(199,096)
<b>Balance, beginning of period</b>	341,035	1,131,357	2,696	382,043	303,285	75,606	11,453	8,229	2,116	18,525	149,209	-	2,425,554
<b>Balance, end of period</b>	343,596	2,248,180	12,051	382,458	-	67,084	12,153	11,224	2,136	6,755	202,083	-	3,287,720

- During the month of July 2021, the Company launched its 2,000m to 3,000m diamond-drilling campaign focused on the gold-prospective Lamarche and GoldenEye prospects. Drilling targets were defined using the data provided by recently completed mapping, rock sampling, channel sampling and geophysical surveys. The purpose of this campaign was to investigate de Lamarche and GoldenEye prospects at depth. A total of 17 holes were collared on property generating 2,568 m of core material.

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- On the Sakami property, the Company produced a heliborne high-resolution MAG survey during the month of November 2022.
- On the Sakami property, the Company also sent a crew to produce an access road from the Trans-Taiga road to the Trans-Taiga showing. The crew also built temporary facilities in anticipation of a drilling program on the Trans-Taiga showing.
- On the Sakami property, the Company realized a drilling program on the Trans-Taiga target during the month of February 2022.
- On the Sakami Property, the Company implemented an exploration grid on the western portion of the GoldenEye prospect through line-cutting during the month of March 2022.
- On the Sakami property, the company realized a 32 linear km IP geophysical survey on the newly implemented exploration grid during the months of March 2022.
- On the A-Lake property, the company realized a prospecting campaign during the month of May 2022. A crew of four local prospector collected multiple rock and channel samples that were sent for multi-element assays.
- On the Sakami property, the company realized a prospecting campaign during the month of June 2022 which included rock and channel sampling of the recently acquired claims in the Langelier complex but also a soil sampling campaign aimed at discovering gold prospective zones in areas where outcrops are limited.

## CURRENT PROJECTS

### Sakami Property (Québec)

The Sakami property, located in the James Bay area of the Province of Quebec, straddles the structural contact between the Opinaca and La Grande Archean subprovinces, the latter exposing a significant number of gold showings related to sulphide-rich quartz veins in iron formations and shear zones. The Sakami property displays diverse lithologies showing signs of alteration and/or gold mineralization (Au =1 to 5 g/t) principally associated with mylonitic or sheared zones.

During the 2017, ground-based PP, EM-VLF and magnetometric surveys were completed along a 34 km grid on the South Block of its Sakami property located in the James Bay area, Quebec. The geophysical surveys were accompanied by the collection of humus and soil samples, the latter to be analyzed for 53 elements using the Mobile Metal Ions (MMI) technology. Several grab samples were also gathered for precious and base metal analysis.

Furthermore, significant gold mineralized samples with values greater than 100 ppb occurred in the northeastern Sipanikaw sectors of the property principally in sheared or mylonitized hydrothermally altered (pyritized, sericitized) metavolcanic rocks and in iron formations.

A NI 43-101 technical report on the Sakami Property has been filed on Sedar, and entitled "The Sakami Property, La Grande Subprovince, James Bay Territory, Quebec, NTS 33F07,08,09,10", with an effective date of September 10, 2018. The technical report was independently prepared by Michel Boily, PhD, geo of Montreal, Quebec.

### 2018-2019 Exploration Program

The objective of the program was to investigate the gold potential of the northern Sakami volcanosedimentary assemblage in relation to the major crustal fault dividing the northern La Grande from the metasedimentary Opinaca subprovinces. The Company conducted magnetic and IP/Resistivity surveys on new and refurbished

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gridlines in the northern portion of the property. Further detailed mapping and rock sampling were implemented in the sector principally located on the northern shore of Lake Sakami shear/mylonite corridor.

During the Q2-2019, letters were sent to specific members of the Wememdjì Community (Chief and the Tallyman) to inform them about the Company's 2019 exploration program in their area.

The geophysical surveys performed on the northern portion of the property unveiled important magnetic anomalies which along the significant gold assays obtained with the surface prospecting work allowed the Company to establish exploratory drill targets.

During Q1-2020 a prospecting campaign which consisted mostly of rock sampling in regions where the IP and Mag geophysical surveys detected discrete anomalies. A crew of four prospectors and two field geologists spent two weeks prospecting and collected 109 rock samples that were sent for multi-elements assaying in Val d'Or.

On December 15, 2019 (Q2-2021), the Company completed an 800 linear kilometers helicopter-borne MAG-TDEM survey on the northern block of the Sakami Property. The survey detected new magnetic and conductive anomalies. The survey was completed at a total cost of 100,539\$. Following the preliminary results of the survey, Genius Metals staked an additional 14 claims to extend the property.

### **2020 Summer exploration campaign**

From May 19<sup>th</sup> to May 25<sup>th</sup> (Q4-2020) the Company acquired and added 202 new claims contiguous to its Sakami property located in James-Bay area for the cost of 31,108\$

During the month of August (Q1-2021) the Company launched the first phase of its two-phase exploration campaign on the Sakami property. The main objective was to further investigate the historical gold values of the property but also to unearthen new prospective zones on the newly acquired claims through extensive rock sampling. A crew of three geologists, three technicians, a cook, a camp manager and a helicopter pilot were mobilized on the property for 16 days in August. The work enabled the discovery of two new prospective zones on the property that were later named *Lamarche* and *GoldenEye*. The Lamarche zone is currently interpreted as a 500m x 300m shear/deformation corridor which returned values of up to 13 g/t Au accompanied by high Ag, Zn, Cu and Pb concentrations. It is postulated that this structure extends for at least 1.2km. The GoldenEye zone is a 700m x 100m structure which returned up to 2,55 g/t Au exposed near a tonalitic pluton. Both zones remain open in every direction.

During the month of September (Q1-2021) the Company launched the second phase of work on the Sakami property employing a crew who was mobilized for 18 days to further investigate the Lamarche and GoldenEye zones. The Company used a mechanical excavator to strip the overburden on both zones to test the continuity of the mineralization through channel sampling. Many grab samples were also collected on the vicinity of the prospective zones. The results confirmed the extension of the discovery zones by producing channel sample values of 1.71 g/t Au over 1m and 1.01 g/t Au over 1.4m on Lamarche and 1.02 g/t Au over 4.1m on GoldenEye.

### **2020-2021 Winter exploration campaign**

During the month of December 2020, the Company initiated a line-cutting program in order to establish a new 42 linear kilometers exploration grid on the Lamarche Prospect of the Sakami property. The line cutting-work was completed in early-January. Following the completion of the new exploration grid, the Company initiated and completed a drone-MAG survey on the Lamarche prospect. Furthermore, the Company launched a ground-based IP geophysical survey on the Lamarche prospect. The geophysical work was performed by Géophysique TMC located in Val d'Or, Québec and was completed in February 2021.

During Q2-2021, the Company completed a ground-based IP geophysical survey on the newly established 42km exploration grid on the Lamarche prospect. The geophysical work was performed by Géophysique TMC located in Val d'Or, Québec.

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During the month of February 2021 (Q3-2021), the Company completed a ground-based IP geophysical survey as well as a drone-Mag survey on the Lamarche prospect of the Sakami property.

During the month of March 2021 (Q3-2021), the Company began the interpretation of the drone-MAG survey and the IP geophysical survey as part of the planification of the imminent drilling campaign targeting the prospective areas of Lamarche and GoldenEye.

### **Summer 2021 Exploration Program**

During the month of June 2021, the Company completed a prospecting campaign on Sakami with a crew of 8 geologists and technicians accompanied by a camp manager, a cook and a helicopter pilot. The crew collected over 200 samples as part of this prospecting campaign aimed at extending the scope of the Lamarche and GoldenEye prospects at surface and to investigate new areas on the property.

During the month of July 2021, the Company launched its 2,000m to 3,000m diamond-drilling campaign focused on the gold-prospective Lamarche and GoldenEye prospects. Drilling targets were defined using the data provided by recently completed mapping, rock sampling, channel sampling and geophysical surveys. The purpose of this campaign was to investigate de Lamarche and GoldenEye prospects at depth. A total of 17 holes were collared on property generating 2,568 m of core material.

### **Winter 2021-2022 Exploration Program**

During the month of November 2021, on the Sakami Property, the Company completed a high-resolution MAG survey on the 189 claims acquired in the Langelier Complex (see Genius Metals' press release of July 22, 2021) which encompass the Trans-Taiga and Doukha showings. The survey is intended to provide a better understanding of the complex lithology/structure and to serve as a guide for futures exploration work in the area.

During the month of January 2022 the Company sent a crew on the Sakami property to produce an access road from the Trans-Taiga road to the Trans-Taiga showing. The crew also built temporary facilities in anticipation of a 500m drilling program on the Trans-Taiga showing.

During the month of February 2022, the Company completed a drilling program on the Trans-Taiga showing. The intent was to assess the extension at depth of the gold mineralization discovered at surface through rock and channel sampling completed in the Langelier Complex during previous prospecting campaigns. A total of 243m were drilled as part of this campaign and assay results from this program are still pending. The Company reported significant gold mineralization at surface including a channel sample returning 2.62 g/t Au over 7.40 m (including 14.2 g/t over 1m) and rock samples that yielded up to 6.10 g/t Au and 1.80 % Cu.

During the month of March 2022, the Company completed a 42km exploration grid through line-cutting work on the western part of the GoldenEye zone in anticipation of a 32 linear km IP geophysical survey.

During the month of March 2022, the Company completed a 32 linear km IP geophysical survey on the western portion of the GoldenEye zone.

### **Summer 2022 Exploration Program**

During the month of June 2022, the company realized the first phase of its summer exploration program on the Sakami property. A crew of eight geologists and technicians, a camp manager, a cook and a helicopter pilot were mobilized as part of this campaign. The objective of this first phase of exploration was to expand and unearth gold mineralization through geological and structural mapping, rock and channel sampling and collection of till material. A special emphasis was placed on the Langelier Complex where the company recently acquired a large block of claims. The till material sampling was realized on the volcanosedimentary assemblages south of the Langelier Complex. The goal of this sampling survey was to identify new gold prospective areas where limited outcrops are observed.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## **Iserhoff Property (Québec)**

On November 2018, the Company purchased a 100% interest in the Iserhoff Property in consideration of the issuance of 500,000 common shares of the Company. The property is subject to a 2% NSR on production, of which half can be bought back for a cash payment of \$1,000,000.

The Iserhoff Property is located in the northern Abitibi Greenstone belt, Quebec in the central and western areas of Bergères Township, about 55 km NNE of Lebel-sur-Quévillion, Québec. The gold property was originally comprised of 29 mining claims totaling 1,621.68 ha or 16.22 km<sup>2</sup> which were 100% owned by Genius Metals. The property can be accessed by a network of forestry roads some of which join provincial highway 113 connecting Lebel-sur-Quévillion with Chibougamau.

During the month of November 2018 (Q2-2019) the Company staked an additional 22 claims on the property to form a new consolidated block of claims which brings the property to a total of 51 claims.

The property is underlain by highly and multiply deformed Archean intermediate volcanic rocks (andesite-dacite) and metasediments (greywacke) metamorphosed to the amphibolite grade. Iserhoff was acquired in view of the encouraging drilling campaign results obtained by O'Brien Gold Mines Limited showing five short DDHs extending for 3.5 km along strike and yielding anomalous gold values at shallow depth (ex: 1.40 g/t @ 8.3 m, 1.24 g/t @ 14.5 m and 1.24 g/t @ 5.9 m) with locally, some associated silver, lead and zinc content. Strong IP anomalies in the central portion of the Iserhoff property are related to narrow (0.5 to 3 m), somewhat discontinuous, bands of massive to semi-massive pyrrhotite and pyrite-rich-rocks which returned low base metal values.

As part of the 2018-2019 exploration campaign, the Company conducted an induced polarization ground-based survey on the Iserhoff Property. The IP survey totaled approximately 26 km.

During the Q2-2019, letters were sent to specific members of the Waswanipi Community (Chief and the Tallyman) to inform about the Company's 2019 exploration program in their area.

During Q1-2020 a prospecting campaign principally consisting of rock sampling in areas of geophysical anomalies was completed. A team composed of a geologist and three prospectors devoted a week to explore the property and a total of 16 grab rock samples were sent for gold assaying in Val d'Or.

On December 5, 2019 (Q2-2020), the Company initiated a 1,000m drilling campaign on the Iserhoff property. The 1,000m drilling contract was given to Roby Drilling in Val d'Or. A crew composed of 2 camp managers, 1 geologist, 4 drillers and 1 foreman was mobilized on site. The drilling work was performed on a 24h/day 7 days/week schedule. The drill core was logged on site and was later sent to Val d'Or for cutting and gold assaying. After 600m of drilling, the Company has to date been unable to reproduce the historical gold values and has suspended drilling while it re-assesses the prospect.

During Q4-2020, the Company chose to abandon 9 of its 51 claims. Those claims were located in an area where Hydro-Quebec would regularly flood which made the exploration of those claims more challenging.

## **Meaghers Gold Property, Nova Scotia**

On September, 2017, Genius announced the staking of 243 new mining claims in Nova Scotia covering an area of 39.3 square kilometres adjacent to Atlantic Gold's most developed resource: the Touquoy gold deposit.

The four Atlantic Gold deposits (Atlantic Gold Touquoy Open Pit Mine, Beaver Dam, Fifteen Mile Stream and Cochrane Hills Gold Mines) are associated with a weak aeromagnetic anomaly representing an overturned anticline composed of sedimentary rocks.

Genius staked property contains several gold showings, old exploration works such as the Meaghers Au-As Prospect, several DDHs collared for Au-Pb-Zn exploration and two abandoned gold adits. These gold-bearing structures are all in trend with the magnetic anomaly associated with Atlantic Gold's four deposits. This suggests the extension of the gold mineralized zones is probably hidden under a thick overburden and/or forms deeply buried new mineralization.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Meaghers property is located in South-Central Nova Scotia. It forms part of the Meguma Terrane and is underlain by folded Cambro-Ordovician age sedimentary sequences of the Meguma Group containing the gold prospective Goldenville Formation. The latter is invaded by Mid-Devonian granitoids.

On August 9, 2018, GENI has filed on SEDAR a National Instrument 43-101 ("NI 43-101") technical report for its Meagher Property located in Nova Scotia. The technical report entitled "The Meaghers Property, Halifax County, Nova Scotia Canada, NTS 11D/14D" dated July 21, 2018. The technical report was independently prepared by Michel Boily, PhD, geo of Montreal, Quebec.

## **2018-2019 Exploration Program**

Starting mid-July 2018, GENI began exploration work on Meaghers. The work consisted of prospecting, geological mapping and rock sampling to generate exploration targets on which to focus more detailed work, such as channel sampling, trenching and geophysics. The objective was to evaluate the gold potential of the Goldenville Formation exposed in the Meaghers property near the contact with Atlantic Gold's mining claims.

Over the course of the 2019 fiscal year, the Company abandoned 42 claims which were located on the southwestern portion of the property. The decision to abandon those claims was justified by the presence of a golf club nearby the Company's claim which renders exploration impossible. The Company also performed 'merging operations' with its claims which brought the total of active and effective claims to 100.

## **Option Agreement**

On December 4, 2019, the Company has entered into an option agreement with MegumaGold Corp. ("MGC"), whereby MGC may earn a 70% interest in the Meaghers Property. Under the terms of the agreement the MGC may earn up to a 70% interest in 6 Genius Metals mineral exploration licences totalling 100 claims (1,620 Hectares) by satisfying the following conditions:

- MGC shall issue to Genius Metals on or before December 18, 2019, 250,000 common shares ("NSAU:CNX"); and
- To earn the initial 49.9% interest, MGC shall, on or before June 4, 2021, incur initial exploration expenses made up of ground surveys to pre-drilling targeting work, totalling at least \$100,000;
- To earn an additional 20.1% interest, MGC shall, within 12 months from the latest date of which MGC satisfies its 49.9% first initial earning, incur, a diamond drilling program on the Property, totalling at least \$150,000; and
- Upon MGC fully exercising the option in its entirety to earn 70% of the Meaghers Property, Genius Metals shall have the option to convert its remaining 30% interest into a 2% net smelter royalty ("NSR"), resulting in MGC owning a 100% interest, and Genius Metals owning a 2% NSR on the Meaghers Property. MGC will have an option to acquire 50% of the 2% NSR for \$1.0 million, leaving Genius Metals with a 1.0% NSR.

As of Q4 2022, MegumaGold has not exercised the Additional Earn-In, as defined in the Option Agreement, as it did not incur exploration expenditures in the amount of \$150,000 on the Meaghers Property within 12 months from the completion of the Phase 1 Program, as defined in the Option Agreement.

## **A Lake Property (New Brunswick)**

In 2018, Genius Metals has completed due diligence of the Property involving a review of geological information available and of prior exploration work. A visit to the property was conducted by a qualified geologist who collected various copper mineralized samples from float material obtained by trenching. The samples collected were submitted for precious, base and trace element analysis.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The A-Lake property is located in southern New Brunswick within the Charlotte County, NTS map 21G07. It consists of seven claims containing 118 units covering 28.6 km<sup>2</sup>. The mineralization is found within the Late Devonian Mount Douglas Granite units hosting endogranitic granophile element Sn-, Mo-, Zn-, Bi and U greisen/sheeted veins. The claims are located < 20 km from the W-Mo Mount Pleasant deposit associated with hydrothermally porphyritic granites intruding intracaldera Late Devonian volcanic and sedimentary rocks of the Piskahegan Group.

The property was prospected during the late summer and fall of 2018. A total of 32 mineralized monzogranite rock samples, mostly floats, were recovered from various parts of the property including from one 25 x1 m trench. Assay values reveal 22 samples with significant copper values (0.12-7.96 %), 10 with Pb concentrations > 2600 ppm (0.26-1.43 %) and 11 having Zn values ranging from 0.1 to > 1%. High values of Ag (23-100 ppm), Mo (1990-2880 ppm), W (>200 ppm) are accompanied by anomalous Li, Sn, Bi concentrations as a testimony of the association of the mineralization to the endogranitic granophile element type.

At A-lake, the Company interpreted the assay results and began the preparation of exploration work. The Company has also staked a new block of 40 claims contiguous to the northwest limit of the property at a cost of \$900.

During Q3-2019, the Company entered into a services agreement with Geotech to perform a VTEM plus survey on the A-lake property at a cost of \$81,150. Since the Company received 30,000\$ in grant from the NBJMAP to perform the survey, the Company will be credited \$51,150 of work relative to its option agreement with Atlantic Vanadium Corp.

The VTEM survey revealed: a) Magnetic signatures defining different units and contacts in the Mount Douglas Granite (MGD) and probably the presence of a NS-oriented structure, b) elevated and anomalous Th, U, K concentrations associated with highly differentiated and mineralized granitic units of the MGD, c) and/or from a silt-rich till cover rich in U, Th and REE-bearing minerals related to a NW-SE glacial dispersion. A prospecting campaign which includes a geochemical till survey was conducted over the 2020 fiscal year.

During Q1-2020, the Company carried out prospection work consisting of till sampling on the property. The samples were analyzed with a handheld XRF spectrometer to locate soil anomalies in base and granophile elements.

During Q2-2020. Thirteen Cu and Zn-mineralized granitic samples collected from the granophile-mineralized Mount Douglas Granite (MDG) were reanalyzed by the peroxide fusion method and showed Sn concentrations 10 to 100 X higher than previously obtained by the 4-acids method. The average concentration now reaches 0.30±0.44 SnO<sub>2</sub> %, with high values of 0.95, 0.92 and >1.27 SnO<sub>2</sub> % respectively. The entirety of the collected samples from A- Lake will thus be reanalyzed by the peroxide fusion method. Comparison with the major and trace element concentrations of fresh granites and mineralized/altered samples have shown considerable K, Na and Si depletion. Consequently, the chemical composition of the MGD rocks especially the K/Th and Na/Th ratios are viewed as pathfinder elements of the mineralization. Genius will carry out further field work to find the source of the mineralized float material guided by the mapping of the A-Lake area (Billiton 1983) that discovered several un-sampled greisen veins on mountain tops. A NS-oriented fault or contact expressed by a strong magnetic contrast could be related to the granophile mineralization.

During the month of October 2021 the Company launched an exploration campaign on the A-Lake property which entailed the completion of a 25km IP survey and till sampling. The objective of the IP survey was to further investigate a NS-oriented fault or contact expressed by a strong magnetic contrast discovered by the 2019 VTEM airborne survey, by cutting IP lines perpendicular to the contact. Vickers Geophysics from New-Brunswick carried out the IP survey. Furthermore, a geologist and two prospectors spent two weeks on the property to conduct a till sampling campaign to establish glacial dispersion trends and extract Heavy Metal Concentrates that could lead to Sn-Cu-Zn mineralized bodies.

During the month of May 2021 (Q4-2021), the Company completed a prospecting campaign on the A-Lake property aimed at following-up on the IP geophysical survey recently completed. Two prospectors spent two

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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weeks collecting rock samples in areas where IP anomalies were detected with the geophysical survey recently completed.

During the month of May 2022, the company realized a prospecting campaign on the A-Lake property. A crew of four local prospectors spent three weeks on the property to investigate the claims by collecting grab and channel samples in the hopes of tracing the source of the high-grade copper boulders sampled earlier on the property. More than 150 samples were sent for multi-element assays.

### **KM 381 Lithium Project**

The KM 381 project consists of 29 mining claims totaling 1,621.68 ha or 16.22 km<sup>2</sup>. The project is less than two km east of James Bay Lithium deposit.

The property lies within the Middle and Lower Eastmain River Greenstone Belt on the James Bay Territory (2705-2752 Ma). The GB is composed of Archean volcano-sedimentary assemblages metamorphosed to the amphibolite facies and exposing rocks from komatiitic flows to rhyolites with various sedimentary assemblages present. The Eastmain River Greenstone Belt is overlain by the Auclair Formation paragneiss (Nemiscau and Opinaca basins). Several plutons ranging from tonalitic to monzogranitic compositions intruded the volcanosedimentary rocks (2747-2697 Ma). James Bay Lithium deposit (40.8 Mt @1.40% Li<sub>2</sub>O as Indicated Resource) consists of granitic pegmatite dykes of albite and spodumene. These pegmatite dykes are classified under the rare earth elements (Li-Cs-Ta) type. They form a local group of dykes intruded in paragneiss of the Auclair Formation.

During Q-3 2019, the Company contacted Galaxy Lithium, which holds a world-class lithium deposit near the Company's claims to enquire about a possible joint-venture deal to conduct advancement work on the property. Negotiations have not yet begun between the two companies.

### **Dissimieux Lake**

The Project consists of 15 claims covering 8.4 km<sup>2</sup>, and is accessible via Provincial Highway #138 from Forestville, then driving northward on Highway #385 to Labrieville, and from there using a network of secondary gravel forestry roads to reach the east-southeast shore of Dissimieux Lake. The Property hosts titanium-phosphate (ilmenite-apatite) mineralization located near the southern margin of the La Blache Anorthositic Complex (the "LBAC"). The LBAC is elongated in a northeast-southwest direction and is 15 to 25 km wide over 60 km. It was emplaced into a highly metamorphosed and folded package of steeply dipping, N-NE dipping paragneiss and amphibolites of the Grenville Geological Province. The Property is dominated by steep hills, with elevations ranging from 435 m to 700 m above sea level.

These claims are in good standing and remain an integral part of the assets of the Company.

### **Blockhouse Gold and other (Nova Scotia)**

Nova Scotia properties originally consisted of the following: Blockhouse Gold NS, Dares Lake NS, Kemptville NS, Chocolate Lake NS and Gold River NS. The properties are subject to a 1.5% NSR of which two-thirds (2/3) may be purchased at any time by the Company for \$1,000,000. The majority of the Property lies within NTS area 21A and the land package includes 14 licenses comprised of 107 claims covering approximately 1,733 hectares (17.33 km<sup>2</sup>).

There are several documented gold bearing veins on the Blockhouse Property, most notably the Prest Vein that saw limited underground (narrow vein) production in the late 1800s up until the early 1930s. This property was revisited in the 1980s when 10 diamond drill holes were completed, testing near surface potential of the property. The drill results and historical mining results are documented in a 1989 drill summary report by James E. Tilsley & Associates Ltd. (filed as an assessment report AR 89-105 with the Nova Scotia DNR) where it is reported that 3,500 ounces of gold was recovered from 6,200 tons of mined and milled material from underground workings between the surface and 90 meters depth. It is further reported that most of the gold was recovered from the fissure vein that was within a very dark arenaceous slate horizon, they refer to this production area as the "Prest Shoot". Historical records on file with Nova Scotia Department of Natural Resources indicate that the Prest Shoot accounted for 2,043 tons of mill feed between 1896 and 1935, yielding

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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3,259 ounces of gold for an average grade of 1.59 ounces per ton (49.6 g/t). The width of the Prest Vein within the historically mined shoot is reported to average 0.25 meters (range of 0.15 to 0.61 m) and the wall rock where sampled is reported to average 0.085 ounces per ton (2.9 g/t), however there was insufficient sample data to determine how extensive the gold mineralization is within the host wall rock. Underground mapping and sampling of the 60-metre level occurred in the late 1930s, the Prest Shoot as described was traced for 138 metres in the north drift and averaged 0.35 metres in width with an average gold content of 0.37 ounces per ton.

There are also three other saddle type veins within the Blockhouse property, the Thompson Vein, the Centre Vein and the East Vein (aka Laxer vein). Samples of the Thompson and East vein have reportedly assayed in the order of 0.02 to 0.5 ounces per ton, the Centre vein has yet to be reported to contain gold. There was no underground work reported on these three veins.

The Blockhouse Property (and the nearby Dares Lake Property) are underlain by metasedimentary rocks of the Meguma Series, the Goldenville Group (formerly Formation) is composed of arkosic quartzites and interbedded shales, it in turn is overlain by the Halifax Group (formerly Formation) that consists of a series of slates and shales, with a predominance of quartzite near the base.

On Blockhouse, the property is composed of a system of mineralized veins, the property consists of many claim blocks, one of which covers the Prest Vein. During the fiscal year 2019, the Company chose to abandon 14 of the 40 claims which are located the farthest from the Prest Vein and were historically deemed exploration/secondary targets. The Company kept a core of 26 claims in good standing.

During the month of December 2020, the Company conducted a two-day till sampling campaign on its Chocolate Lake property located in Nova-Scotia. The Company also produced a work report on its Kemptville property (Nova-Scotia) based on the 2018 geophysical airborne survey completed by Atlantic Corporation (now St. Barbara Ltd.). The till sampling and the work report were produced by AMK Geoscience based in Nova-Scotia.

## QUALIFIED PERSONS

Dr. Michel Boily P. Geo, is the qualified person under NI 43-101 who has reviewed and approved the technical information contained in this document.

## FINANCIAL INFORMATION

### Functional and presentation currency

These selected financial information and other financial information are presented in Canadian dollars, the Company's functional currency.

### IFRS Accounting policies

The Company's significant accounting policies under IFRS are disclosed in Note 4 in the audited annual financial statements for the year ended July 31, 2022.

### Use of estimates and judgements

Please refer to Note 3.4 of the audited annual financial statements for the year ended July 31, 2022 for an extended description of the information concerning the Company's significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses.

### Changes in accounting policies

There was no adoption of new accounting policies in preparing the audited financial statements as at July 31, 2022.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## New standards and interpretations that are not yet effective and have not been adopted

At the date of authorization of the financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

## Dividends

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and its future growth, and any other factor that the Board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

## SELECTED ANNUAL FINANCIAL INFORMATION

The following selected financial information is derived from our audited financial statements for each of the years ended ("YE") 2020 to 2022:

<b>GENIUS METALS INC.</b>			
<b>SELECTED ANNUAL FINANCIAL INFORMATION</b>			
	<b>YE-2022</b>	<b>YE-2021</b>	<b>YE-2020</b>
	<b>July 31</b>	<b>July 31</b>	<b>July 31</b>
	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>STATEMENTS OF LOSS AND COMPREHENSIVE LOSS</b>			
<b>General and administrative expenses:</b>			
Salaries and employee benefit expense	286,708	244,430	172,408
Management and consulting fees	205,009	161,092	160,208
Travel, promotion and marketing	246,543	149,521	40,100
Registration, listing fees and shareholders information	139,624	88,432	37,854
Professional fees	86,522	86,291	103,485
Supplies and office expenses	64,418	50,557	39,499
Share-based compensation	259,217	174,610	-
Write-down of mining properties	97,645	305,156	34,935
Write-down of exploration and evaluation assets	219,471	99,792	59,357
Part XII.6 tax and other non-compliance penalty	1,728	(2,486)	3,526
Depreciation of equipment	2,330	1,798	1,803
	<b>1,609,215</b>	<b>1,359,193</b>	<b>653,175</b>
<b>Other (revenues) expenses:</b>			
Gain on settlement/adjustment of trade accounts payable and other liabilities	(212,239)	-	(35,937)
Loss on settlement of loans	3,649	-	-
Write-off of payables	-	-	(12,730)
Finance expense	6,273	6,799	3,632
Change in fair value of marketable securities	8,750	16,875	2,500
Government assistance	-	(12,170)	(19,299)
Exchange loss	466	142	11
	<b>(193,101)</b>	<b>11,646</b>	<b>(61,823)</b>
<b>Income tax recovery</b>	<b>117,455</b>	<b>82,230</b>	<b>114,947</b>
	<b>1,298,659</b>	<b>1,288,609</b>	<b>476,405</b>
	<b>0.03</b>	<b>0.05</b>	<b>0.03</b>
<b>Basic and diluted loss per share:</b>			
	<b>YE-2022</b>	<b>YE-2021</b>	<b>YE-2020</b>
	<b>July 31</b>	<b>July 31</b>	<b>July 31</b>
	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>STATEMENTS OF FINANCIAL POSITION</b>			
Cash and cash equivalents	373,265	315,679	405,380
Other receivables	353,668	532,637	31,327
Deposits related to exploration and evaluation activities	144,500	260,000	-
Mining properties	1,161,812	1,235,694	1,434,790
Exploration and evaluation assets	3,189,635	2,052,026	990,764
Total assets	<b>5,272,951</b>	<b>4,463,372</b>	<b>2,906,673</b>
Total current liabilities	<b>186,282</b>	<b>972,336</b>	<b>630,775</b>
Loan	-	32,803	21,393
Equity	<b>5,086,669</b>	<b>3,458,233</b>	<b>2,254,505</b>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Results of operations for the year ended July 31, 2022 (YE-2022)

### **Net loss and comprehensive loss**

The basic and diluted loss per share during the YE-2022 is \$0.03 (\$0.05 for the YE-2021 and \$0.03 for the YE-2020). During the YE-2022, the Company realized a net loss and comprehensive loss of \$1,298,659 as compared to a net loss and comprehensive loss of \$1,288,609 for the YE-2021 (a slightly increase of \$10,050 for the YE-2022 compared to the YE-2021) and to a net loss and comprehensive loss of \$476,405 for the YE-2020 (a significant increase of \$812,204 for the YE-2021 compared to the YE-2020).

The increase of \$10,050 for the YE-2022 as compared to the YE-2021 in net loss and comprehensive loss is mostly attributable to an increase of \$250,022 in general and administrative expenses (\$1,609,215 for the YE-2022 compared to \$1,359,193 for the YE-2021) offset by an increase of other revenues of \$204,717 (other revenues of \$193,101 for YTD-2022 compared to other expenses of \$11,646 for YTD-2021) and an increase of \$35,255 in income tax recovery (\$117,455 for the YE-2022 compared to \$82,230 for the YE-2021)

The increase of \$812,204 for the YE-2021 as compared to the YE-2020 in net loss and comprehensive loss is mostly attributable to an increase of \$706,018 in general and administrative expenses (\$1,359,193 for the YE-2021 compared to \$653,175 for the YE-2020).

### **Statements of financial position**

The total assets as at July 31, 2022 were \$5,272,951 as compared to \$4,463,372 and \$2,906,673 for the years ended July 31, 2021 and 2020 respectively. The increase of \$809,579 in total assets in 2022 compared to 2021 (\$5,272,951 for the YE-2022 compared to \$4,463,372 for the YE-2021) is mainly due to an increase of \$1,137,609 in exploration and evaluation assets representing an increase in investments in exploration (\$3,189,635 as at July 31, 2022 compared to \$2,052,026 as at July 31, 2021) offset by a decrease of \$178,969 in other receivables (\$353,688 as at July 31, 2022 compared to \$532,637 as at July 31, 2021) and offset by a decrease of \$115,500 in deposits related to exploration and evaluation activities (\$144,500 as at July 31, 2022 compared to \$260,000 as at July 31, 2021). The increase of \$1,556,699 in total assets in 2021 compared to 2020 (\$4,463,372 for the YE-2021 compared to \$2,906,673 for the YE-2020) is mainly due to an increase of \$1,061,262 in exploration and evaluation assets representing an increase in investments in exploration (\$2,052,026 as at July 31, 2021 compared to \$990,764 as at July 31, 2020) combined with an increase of \$501,310 in other receivables (\$532,637 as at July 31, 2021 compared to \$31,327 as at July 31, 2020).

The total current liabilities as at July 31, 2022 were \$186,282 as compared to \$972,336 and \$630,775 for the years ended July 31, 2021 and 2020 respectively. The decrease of \$786,054 in total current liabilities in 2022 compared to 2021 is mainly due to significant decrease of \$786,054 in trade accounts payable and other liabilities (\$186,282 as at July 31, 2022 compared to \$972,336 as at July 31, 2021).

The total current liabilities as at July 31, 2021 were \$972,336 as compared to \$630,775 and \$631,792 for the years ended July 31, 2020 and 2019 respectively. The increase of \$341,561 in total current liabilities in 2021 compared to 2020 is mainly due to an increase of \$369,815 in trade accounts payable and other liabilities (\$972,336 as at July 31, 2021 compared to \$602,521 as at July 31, 2020).

The total equity as at July 31, 2022 were \$5,086,669 as compared to an equity of \$3,458,233 and \$2,254,505 for the years ended July 31, 2021 and 2020 respectively.

The change of \$1,628,436 in equity in 2022 compared to 2021 is mainly due an increase in share capital (funds raised through private placements in 2022), share options (share options granted in 2022) and contributed surplus (warrants expired in 2022) of 2,927,095 in 2022 (including a slight decrease in warrants) (\$10,193,521 as at July 31, 2022 compared to \$7,266,426 as at July 31, 2021) offset by a net loss and comprehensive loss of \$1,298,659 in 2022.

The change of \$1,203,728 in equity in 2021 compared to 2020 is mainly due an increase in share capital (funds raised through private placements in 2021), warrants (funds raised through private placements in 2021), share options (share options granted in 2021) and contributed surplus of 2,492,337 in 2021 (\$7,266,426 as at July

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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31, 2021 compared to \$4,774,089 as at July 31, 2020) offset by a net loss and comprehensive loss of \$1,288,609 in 2021.

### **General and administrative expenses**

During YE-2022, general and administrative expenses were \$1,609,215 as compared to general and administrative expenses of \$1,359,193 for YE-2021. The increase of \$250,022 in general and administrative expenses is mostly attributable to an increase of \$97,022 in travel, promotion and marketing due to the effort of increasing the promotion of the Company (\$246,543 for YE-2022 compared to \$149,521 for YE-2021) combined with an increase of \$42,278 in salaries and employee benefit expense mainly due to bonuses of \$20,000 and an increase of \$30,000 for the annual salaries (\$286,708 for YE-2022 compared to \$244,430 for YE-2021), an increase of \$84,607 in share-based compensation (\$259,217 for YE-2022 compared to \$174,610 for YE-2021), an increase of \$51,192 in registration, listing fees and shareholders information expenses due to the cost legal and administrative fees related to the listing of the Company's stock on the TSX Venture and the American Stock Exchange OTCQB Market (\$139,624 for YE-2022 compared to \$88,432 for YE-2021) and an increase of \$119,679 in write-down of exploration and evaluation assets (\$219,471 for YE-2022 compared to \$99,792 for YE-2021) offset by a decrease of \$207,511 in write-down of mining properties . (\$97,645 for YE-2022 compared to \$305,156 for YE-2021).

During the YE-2021, general and administrative expenses were \$1,359,193 as compared to general and administrative expenses of \$653,175 for the YE-2020. The increase of \$706,018 in general and administrative expenses is mostly attributable to an increase of \$270,221 in write-down of mining properties (\$305,156 for the YE-2021 compared to \$34,935 for the YE-2020) combined with an increase of \$174,610 in share-based compensation (\$174,610 for the YE-2021 compared to \$Nil for the YE-2020), an increase of \$109,421 in travel, promotion and marketing expenses (\$149,521 for the YE-2021 compared to \$40,100 for the YE-2020) and an increase of \$72,022 in salaries and employee benefit expenses (\$244,430 for the YE-2021 compared to \$172,408 for the YE--2020).

### **Other (revenues) expenses**

During YE-2022, other revenues were \$193,101 as compared to other expenses of \$11,646 for YE-2021. The increase of \$204,747 in other revenues is mostly attributable to an increase of \$212,239 in gain on settlement/adjustment of trade accounts payable and other liabilities (\$212,239 for YE-2022 compared to \$Nil for YTD-2021).

During the YE-2021, other expenses were \$11,646 as compared to other revenues of \$61,823 for the YE-2020. The decrease of \$73,469 in other revenues is mostly attributable to a decrease of \$35,937 in gain on settlement of trade accounts payable and other liabilities (\$Nil for the YE-2021 compared to \$35,937 for the YE-2020) combined with a decrease of \$12,730 in write-off of payables (\$Nil for the YE-2021 compared to \$12,730 for the YE-2020), a decrease of \$7,129 in government assistance (\$12,170 for the YE-2021 compared to \$19,299 for the YE-2020) and a decrease of \$14,375 in change in fair value of marketable securities (markdown of \$16,875 for the YE-2021 compared to a markdown of \$2,500 for the YE-2020).

### **Income tax recovery**

The income tax recovery is the result of the amortization of the other liability related to flow-through financings. The obligation is reversed with a corresponding income tax recovery recorded as the exploration and evaluation expenditures are incurred.

During the YE-2022, the income tax recovery was \$117,455 as compared to income tax recovery of \$82,230 for the YE-2021 (\$528,282 in eligible exploration and evaluation expenditures incurred during the YE-2022 as compared to \$454,359 in eligible exploration and evaluation expenditures incurred during the YE-2021).



# MANAGEMENT'S DISCUSSION AND ANALYSIS

During the YE-2021, the income tax recovery was \$82,230 as compared to income tax recovery of \$114,947 for the YE-2020 (\$454,539 in eligible exploration and evaluation expenditures incurred during the YE-2021 as compared to \$444,297 eligible exploration and evaluation expenditures incurred during the YE-2020).

## SELECTED QUARTERLY FINANCIAL INFORMATION

Genius Metals anticipates that the quarterly and annual results of operations will primarily be impacted for the near future by several factors, including the timing and efforts of the exploration's expenditures and efforts related to the development of the Company. Due to these fluctuations, the Company believes that the quarter-to-quarter and the year-to-year comparisons of the operating results may not be a good indication of its future performance.

The following selected quarterly financial information is derived from our unaudited condensed interim financial statements.

### GENIUS METALS INC.

#### SELECTED QUARTERLY FINANCIAL INFORMATION

	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
<b>STATEMENTS OF LOSS AND COMPREHENSIVE LOSS</b>								
<b>General and administrative expenses:</b>								
Salaries and employee benefit expense	55,822	70,642	92,958	67,286	63,161	59,049	63,573	58,647
Management and consulting fees	43,778	46,516	67,857	46,858	39,859	39,161	39,182	42,890
Travel, promotion and marketing	22,799	16,052	90,150	117,542	27,790	23,711	67,217	30,803
Registration, listing fees and shareholders information	5,471	9,439	31,237	93,477	46,498	5,941	27,982	8,011
Professional fees	282	1,678	29,679	54,883	8,474	3,797	46,907	27,113
Supplies and office expenses	30,745	7,367	15,692	10,614	12,751	12,529	16,006	9,271
Share-based compensation	5,646	10,814	35,239	207,518	-	-	-	174,610
Write-down of mining properties	92,622	-	5,023	-	302,249	2,907	-	-
Write-down of exploration and evaluation assets	208,898	-	10,573	-	93,949	5,843	-	-
Part XII.6 tax	1,728	-	-	-	-	-	(3,738)	1,252
Depreciation of property and equipment	597	579	597	557	453	439	453	453
	<b>468,388</b>	<b>163,087</b>	<b>379,005</b>	<b>598,735</b>	<b>595,184</b>	<b>153,377</b>	<b>257,582</b>	<b>353,050</b>
<b>Other expenses (revenues):</b>								
Gain on settlement/adjustment of trade accounts payable and other liabilities	-	-	-	(212,239)	-	-	-	-
Loss on settlement of loans	-	3,649	-	-	-	-	-	-
Finance expense	368	1,409	2,063	2,432	1,798	1,643	1,771	1,587
Change in fair value of marketable securities	5,000	-	1,250	2,500	7,500	3,750	1,875	3,750
Government assistance	-	-	-	-	-	(12,170)	-	-
Exchange loss	-	-	(4)	471	(1)	4	6	133
	<b>5,368</b>	<b>5,058</b>	<b>3,309</b>	<b>(206,836)</b>	<b>9,297</b>	<b>(6,773)</b>	<b>3,652</b>	<b>5,470</b>
<b>Income tax recovery (expense)</b>	<b>17,047</b>	<b>62,005</b>	<b>26,731</b>	<b>11,672</b>	<b>(9,321)</b>	<b>3,579</b>	<b>53,081</b>	<b>34,891</b>
<b>Net loss and comprehensive loss</b>	<b>456,709</b>	<b>106,140</b>	<b>355,583</b>	<b>380,227</b>	<b>613,802</b>	<b>143,025</b>	<b>208,153</b>	<b>323,629</b>
<b>Basic and diluted loss per share:</b>	<b>0.01</b>	<b>0.00</b>	<b>0.01</b>	<b>0.01</b>	<b>0.02</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>
<b>STATEMENTS OF FINANCIAL POSITION</b>								
Cash	373,265	634,594	1,332,035	1,644,829	315,679	647,519	476,329	142,803
Other receivables	353,668	631,848	722,586	807,890	532,637	222,207	172,111	150,528
Deposits related to exploration and evaluation activities	144,500	-	-	-	260,000	-	-	-
Mining properties	1,161,812	1,247,698	1,247,032	1,251,886	1,235,694	1,494,879	1,457,885	1,465,964
Exploration and evaluation assets	3,189,635	2,945,325	2,589,839	2,394,471	2,052,026	1,748,711	1,711,229	1,462,481
Total assets	5,272,951	5,621,916	5,966,781	6,193,823	4,463,372	4,180,431	3,876,885	3,279,651
Total current liabilities	186,282	84,184	298,525	206,441	972,336	307,118	573,193	536,570
Loan	-	-	35,198	33,980	32,803	31,666	22,954	22,159
Equity	5,086,669	5,537,732	5,633,058	5,953,402	3,458,233	3,841,647	3,280,738	2,720,922

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The net loss and comprehensive loss of \$456,709 for Q4-2022 is mainly attributable to a significant write-down of mining properties of \$92,622 and a write-down of exploration and evaluation assets of \$208,898.

The net loss and comprehensive loss of \$106,140 for Q3-2022 is mainly attributable to general and administrative expenses of \$163,087, offset by an income tax recovery of \$62,005.

The net loss and comprehensive loss of \$355,583 for Q2-2022 is mainly attributable to general and administrative expenses of \$343,766 net of share-based compensation of \$35,239.

The net loss and comprehensive loss of \$380,227 for Q1-2022 is mainly attributable to general and administrative expenses of \$598,735 (including a share-based compensation of \$207,518), offset by a gain on settlement/adjustment of trade accounts payable and other liabilities of \$212,239.

The net loss and comprehensive loss of \$613,802 for Q4-2021 is mainly attributable to a significant write-down of mining properties of \$302,249 and a write-down of exploration and evaluation assets of \$93,949.

The net loss and comprehensive loss of \$143,025 for Q3-2021 is mainly attributable to general and administrative expenses of \$153,377.

The net loss and comprehensive loss of \$208,153 for Q2-2021 is mainly attributable to general and administrative expenses of \$257,582, offset by an income tax recovery of \$53,081.

The net loss and comprehensive loss of \$323,629 for Q1-2021 is mainly attributable to the grant of 1,150,000 share options to directors, officers, members of the technical committee, consultants and employees which the fair value was estimated at \$174,610.

### **Results of operations for the three-month period ended July 31, 2022 (Q4-2022)**

#### ***Net loss and comprehensive loss***

The basic and diluted loss per share for the three-month period ended July 31, 2022 is \$0.01 as compared to \$0.02 for the three-month period ended July 31, 2021.

During Q4-2022, the Company realized a net loss and comprehensive loss of \$456,709 as compared to a net loss and comprehensive loss of \$613,802 for Q4-2021. The decrease of \$157,093 for Q4-2022 as compared to Q4-2021 in net loss and comprehensive loss is mostly attributable to a decrease of \$209,627 in write-down of mining properties (\$92,622 for Q4-2022 compared to \$302,249 for Q4-2021) offset by an increase of \$114,949 in write-down of exploration and evaluation assets (\$208,898 for Q4-2022 compared to \$93,949 for Q4-2021).

#### ***General and administrative expenses***

During Q4-2022, general and administrative expenses were \$468,388 as compared to general and administrative expenses of \$595,184 for Q4-2021. The decrease of \$126,796 is mostly attributable to a decrease of \$209,627 in write-down of mining properties (\$92,622 for Q4-2022 compared to \$302,249 for Q4-2021) offset by an increase of \$114,949 in write-down of exploration and evaluation assets (\$208,898 for Q4-2022 compared to \$93,949 for Q4-2021).

#### ***Other expenses***

During Q4-2022, other expenses were \$5,368 as compared to other expenses of \$9,297 for Q4-2021. No major changes to report.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## ***Income tax recovery (expense)***

The income tax recovery is the result of the amortization of the other liability related to flow-through financings. The obligation is reversed with a corresponding income tax recovery recorded as the exploration and evaluation expenditures are incurred.

During Q4-2022, the income tax recovery was \$17,047 compared to income tax expense of \$9,321 for Q4-2021 (income tax recovery of \$7,136 and a reclassification of a mining tax of \$16,457) (\$171,158 in eligible exploration and evaluation expenditures incurred during Q4-2022 as compared to \$27,998 in eligible exploration and evaluation expenditures incurred during Q4-2021).

## **CASH FLOWS**

### **Cash flows used for operating activities**

Cash flows used for operating activities were \$1,155,066 during the YE-2022, an increase of \$226,269 as compared to cash flows of \$928,797 used for operating activities during YE-2021. The increase in cash flows used for operating activities is mostly explained by an increase of \$270,740 in cash flows used for operating activities before changes in working capital (negative cash flows of \$1,027,568 for YE-2022 as compared to negative cash flows of \$756,828 for YE-2021) offset by a decrease of \$44,471 in cash flows from change in working capital items (negative cash flows of \$127,498 for YE-2022 as compared to negative cashflows of \$171,969 for YE-2021).

### **Cash flows from financing activities**

Cash flows from financing activities were \$2,739,158 during YE-2022, an increase of \$365,506 as compared to cash flows of \$2,373,652 from financing activities during YE-2021. The increase is mostly attributable to an increase of \$430,506 in the proceeds from private placements (net of share issuance costs) in YE-2022 as compared to YE-2021 (\$2,779,140 raised during YE-2022 as compared to \$2,348,652 raised during YE-2021).

### **Cash flows used for investing activities**

Cash flows used for investing activities were \$1,526,506 during YE-2022, a slightly decrease of \$8,050 as compared to cash flows of \$1,534,556 used for investing activities during YE-2021. The increase is mostly attributable to an increase of \$882,420 in the exploration and evaluation assets in YTD-2022 compared to YTD-2021 (\$2,018,722 for YE-2022 compared to \$1,136,302 for YE-2021) offset by a decrease of \$375,500 in deposits related to exploration and evaluation activities in YE-2022 (decrease of \$115,500 for YE-2022 compared to an increase of \$260,000 for YE-2021), by a decrease of \$112,661 in the acquisition of mining properties (\$25,593 for YE-2022 compared to \$138,254 for YE-2021) and an increase of \$419,026 of tax credits related to resources and mining tax credits received (\$419,026 for YE-2022 compared to \$Nil for YE-2021). The investing activities consist primarily of the acquisition of mining properties and exploration and evaluation assets.

## **OTHER FINANCIAL DISCLOSURES**

### **Related party transactions**

Please refer to Note 18 of the audited annual financial statements for the year ended July 31, 2022, for a summary of the Company's transactions with related parties.

### **Contingency**

Governmental laws and regulations regarding environmental protection regulate the Company's operations. The environmental consequences are not easily identifiable, either in terms of results, the impacts or the expiration date. Currently, and to the best knowledge of its management, the Company is in conformity with current laws and regulations.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## **Subsequent events**

Please refer to Note 22 of the audited annual financial statements for the year ended July 31, 2022, for a summary of the Company's subsequent events.

## **Off-financial position arrangements**

As at July 31, 2022, the Company has no off-financial position arrangements.

## **Going concern assumption**

The accompanying financial statements have been prepared on the basis of the on going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period.

Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt on the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

For the year ended July 31, 2022, the Company recorded a net loss of \$1,298,659 (\$1,288,609 for the year ended July 31, 2021) and has an accumulated deficit of \$5,106,852 as at July 31, 2022 (\$3,808,193 as at July 31, 2021). Besides the usual needs for working capital, the Company must obtain funds to enable it to meet the timelines of its exploration programs and to pay its overhead and administrative costs. As at July 31, 2022, the Company had a working capital of \$587,260 (a negative working capital of \$60,759 as at July 31, 2021) consisting of cash and cash equivalents of \$373,265 (\$315,679 in cash and cash equivalents as at July 31, 2021). Management believes that these funds will not be sufficient to meet the obligations and liabilities of the Company. These uncertainties cast significant doubt regarding the Company's ability to continue as a going concern. Any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new equity instruments. Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. The recovery of the cost of exploration and evaluation assets as well as other tangible and intangible assets, is subject to certain conditions: the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to continue the exploration, evaluation, development, construction and ultimately disposal of these assets. During the year ended July 31, 2022, the Company has raised \$2,895,140 (\$2,391,438 during the year ended July 31, 2021) from private placements consisting of common shares and flow-through shares to fund exploration works and working capital. There is no assurance that it will succeed in obtaining additional financing in the future.

## **Capital management policies and procedures**

Please refer to Note 20 of the audited annual financial statements for the year ended July 31, 2022, for a summary of the Company's capital management policies and procedures.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Disclosure of Outstanding share data

The following selected financial information is derived from our unaudited financial statements.

### GENIUS METALS INC.

Disclosure of outstanding share data (as at November 28, 2022)

Outstanding common shares: 46,760,672

Outstanding share options: 4,380,000  
Average exercise price of: \$0.290  
Average remaining life of: 2.27 years

Expiry date	Number	Exercise price \$	Remaining life (years)
August 31, 2023	280,000	0.30	0.76
March 6, 2024	1,025,000	0.25	1.27
March 23, 2024	225,000	0.25	1.32
May 18, 2024	100,000	0.25	1.47
September 16, 2024	320,000	0.30	1.80
September 16, 2024	450,000	0.35	1.80
August 31, 2025	870,000	0.30	2.76
September 16, 2026	1,110,000	0.30	3.80
	<u>4,380,000</u>		

Outstanding warrants: 11,595,833  
Average exercise price of: \$0.354  
Average remaining life of: 0.25 years

Expiry date	Number	Exercise price \$	Remaining life (years)
January 6, 2023	1,150,000	0.35	0.11
February 27, 2023	7,062,500	0.35	0.25
February 27, 2023	883,333	0.40	0.25
March 10, 2023	1,000,000	0.35	0.28
March 16, 2023	1,500,000	0.35	0.30
	<u>11,595,833</u>		

## RISK AND UNCERTAINTIES

An investment in the common shares of the GENI should be considered highly speculative. Genius Metals Inc. is subject to a variety of risks, some of which are described below. If any of the following risks occur, the business, results of operations or financial condition could be adversely affected in a material manner.

### Financial instrument risks

Please refer to Note 21 of the audited annual financial statements for the year ended July 31, 2022, for a summary of the Company's financial instruments risks.

### Russia/Ukraine conflict

The increasing tensions related to the ongoing conflict between Russia and Ukraine, and economic sanctions imposed in relation thereto, have contributed to additional volatility in commodity prices. The effect of this global event cannot accurately be predicted.

### Exploration and mining risks

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. The Company's property interests are in the exploration and evaluation stage only. The business of mineral exploration involves a high degree of risk. Few properties that are explored are ultimately developed into production. Currently, there are no known bodies of commercial ore on the mineral properties of which the Company owns an interest. Accordingly, there is little likelihood that the Company will realize any profits in the short to medium term. Any profitability in the future from the Company's business will

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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be dependent upon locating an economic deposit of minerals. However, there can be no assurance, even if an economic deposit of minerals is located, that it can be commercially mined.

Unusual or unexpected formations, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs.

The economics of developing mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral properties, nor any known body of commercial ore. Programs conducted on the Company's mineral property would be an exploratory search for ore.

## **Titles to property**

While the Company has diligently investigated title to the various properties in which it has interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

## **Permits and licenses**

The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

## **Metal prices**

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

## **Inflation**

The Company's exploration costs are strongly tied to fossil energy costs as the Company is relying heavily on fossil fuel for heating, operating machinery and transportation on its remote exploration properties. The current rise in inflation in Canada could lead to a significant increase in exploration costs for the Company in the next few years.

## **Competition**

The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

## **Environmental regulations**

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

## **Conflicts of interest**

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

## **Stage of development**

The Company's properties are in the exploration stage and to date none of them have a proven ore body. The Company does not have a history of earnings or providing a return on investment, and in future, there is no assurance that it will produce revenue, operate profitably or provide a return on investment.

## **Industry conditions**

Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

## **Uninsured risks**

The Company's business is subject to a number of risks and hazards, including environmental conditions adverse, environmental regulations, political uncertainties, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

## **Capital needs**

The exploration and evaluation, development, mining and processing of the Company's properties may require substantial additional financing. The only current source of future funds available to the Company is the sale of additional equity capital and the borrowings of funds. There is no assurance that such funding will be available to the Company or that it will be obtained on terms favourable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position.

In addition, any future equity financings by the Company may result in a substantial dilution of the existing shareholders. Failure to obtain sufficient financing may result in delaying or indefinite postponement of further

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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exploration and evaluation, development or production on any or all of the Company's properties or even a loss of property interest.

## Key employees

Management of the Company rests on a few key officers and members of the Board of Directors, the loss of any of whom could have a detrimental effect on its operations. The development of the Company's business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

## Canada Customs and Revenue Agency

No assurance can be made that Canada Customs and Revenue Agency will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses or the eligibility of such expenses as Canadian exploration expenses under the *Income Tax Act* (Canada).

## CERTIFICATION OF ANNUAL FILINGS

The President and Chief Executive Officer and the Chief Financial Officer have signed the Basic Certifications of Annual Filings as required by National Instrument 52-109 for venture issuer, thus confirming, the review, the absence of misrepresentations and the fair presentation of the annual filings.

- The President and Chief Executive Officer and the Chief Financial Officer confirm to have reviewed the annual financial statements and the annual MD&A (together, the "annual filings") of the Company for the year ended July 31, 2022.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings..
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the period presented in the annual filings.