

STRATEGX ELEMENTS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For The Six Months Ended June 30, 2022

STRATEGX ELEMENTS CORP.
Management's Discussion and Analysis
For the six months ended June 30, 2022

GENERAL

StrategX Elements Corp. ("StrategX" or the "Company") was incorporated on June 28, 2018 under the laws of British Columbia, Canada. On January 10, 2022, the Company's common shares commenced trading on the Canadian Securities Exchange ("CSE") under the symbol "STGX". The Company's principal business activity is the acquisition and exploration of mineral property interests. The Company is in the exploration stage and substantially all the Company's efforts are devoted to financing and developing these property interests. There has been no determination whether the Company's interests in unproven exploration and evaluation assets contain economically recoverable mineral resources.

The Company's head office is located at 514 – 55 Water Street, Vancouver, British Columbia, Canada.

The following management's discussion and analysis ("MD&A") of the Company has been prepared as of August 18, 2022. This MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and the companying notes for the six months ended June 30, 2022, and the audited consolidated financial statements and the notes thereto for the years ended December 31, 2021 and 2020.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared using the accrual basis of accounting except for cash flow information. All figures are expressed in Canadian dollars except where otherwise indicated.

Management is responsible for the preparation and integrity of the Financial Statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and MD&A, is complete and reliable.

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with IFRS. Information provided in this MD&A, including financial information extracted from the financial statements, is the responsibility of management. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate, as a result of risk factors beyond its control. Actual results may differ materially from the expected results.

FORWARD-LOOKING STATEMENTS

Information and statements contained in this MD&A that are not historical facts are forward-looking information within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators that involve risks and uncertainties.

This MD&A contains forward-looking statements, such as estimates and statements regarding the Company's goals and future plans, including words to the effect that the Company expects a stated result or event to occur. These forward-looking statements are subject to known or unknown risks and uncertainties, which could cause actual results or performance of the Company to differ materially from results implied by such forward-looking information. Factors that could cause the actual results to differ include commodity price fluctuations, market capital access, global economy and politics, government regulations, environmental restrictions, exploration results, mineral title disputes, limitation on insurance coverage and availability of consultants delivering timely services, as well as those factors discussed in the section entitled "Risks and Uncertainties" in this MD&A.

Although the Company has attempted to identify important factors that could affect the Company or may cause actual actions, events or results to differ, there may be other causing factors out of the Company's anticipation or estimation. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results otherwise. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

CORPORATE HIGHLIGHTS

The Company had the following significant activities recently:

Listing at Canadian Securities Exchange (the "CSE")

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On January 10, 2022, the Company received its final approval to list its common shares on the CSE. The Company's shares are trading under the symbol "STGX."

Stock option plan and grant of stock options

On March 31, 2021, the Company adopted a stock option plan whereby the Board of Directors may, from time to time, grant options to directors, officers, employees and consultants. The term of the option grants is up to ten years and the vesting schedule, if any, will be determined by the Board of Directors. The maximum number of common shares reserved for issue shall not exceed 15% of the total number of common shares issued and outstanding as at the grant date.

On January 10, 2022, the Company granted incentive stock options to certain directors, officers, employees, and consultants of the Company to purchase up to an aggregate of 2,100,000 common shares of the Company. These options are exercisable for a period of five years at a price of \$0.25 per share. All options will vest as to 10% on the date of grant, and a further 15% every three months thereafter.

Private placement – June 2022

On June 30, 2022, the Company closed a non-brokered private placement by issuing 2,836,050 share units at \$0.30 per unit for total proceeds of \$850,815. Each share unit is comprised of one common share and one half share purchase warrant, with each whole warrant being exercisable for one common share at a price of \$0.45 per share for three years. The Company paid \$18,000 of finder's fee and accrued \$7,000 legal fees.

Special warrants

In July and September 2021, the Company closed a non-brokered private placement by issuing 1,852,500 special warrants at \$0.25 per share for total proceeds of \$463,125. The Company paid \$15,000 of cash finder's fees. In November and December 2021, the special warrants were converted into 1,852,500 common shares without additional cost.

Private placement - 2021

In 2021, the Company issued 6,816,096 shares at \$0.15 per share and 80,000 shares at \$0.25 per share for total proceeds of \$1,042,415. The Company paid \$14,400 of cash finder's fees.

Warrants

In March and April 2021, the Company granted to directors, officers and consultants 1,050,000 warrants, exercisable at \$0.15 per share for a term of 2 years from the Company's completion of a liquidity event. A liquidity event means a merger, sale of the Company, or an initial public offering, or such other similar events as shall be determined by the Board of Directors in its sole discretion. In October 2021, the Company issued 800,000 shares pursuant to exercise of 800,000 warrants at \$0.10 per share for total proceeds of \$80,000.

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MINERAL PROPERTY

The Company spent the following exploration expenditure during the six months ended June 30, 2022 and the year ended December 31, 2021:

	<i>Project 939 (Northwest Territories)</i>	<i>EA South (Northwest Territories)</i>	<i>Project Tasijuaq (Nunavut)</i>	<i>Project NagVaak (Nunavut)</i>	<i>Project Mel (Nunavut)</i>	<i>Total</i>
Balance, December 31, 2020	\$ 544,501	\$ 316,949	\$ -	\$ -	\$ -	\$ 861,450
Acquisition	25,000	25,000	-	-	-	50,000
Staking costs and application fees	-	-	30,175	3,165	-	33,340
Exploration						
Assay	21,101	-	-	-	-	21,101
Camp costs	-	-	-	-	68,617	68,617
Community	690	690	-	-	-	1,380
Data	30,614	8,556	-	-	-	39,170
Geology	79,016	-	-	-	-	79,016
Consulting	141,701	8,000	-	-	-	149,701
Field	1,285	1,996	-	-	-	3,281
License and permitting	2,204	1,734	4,896	-	-	8,834
Geological survey	121,419	-	-	-	-	121,419
Travel	11,249	-	-	-	-	11,249
Government grant	(51,000)	-	-	-	-	(51,000)
Balance, December 31, 2021	927,780	362,925	35,071	3,165	68,617	1,397,558
Acquisition	25,000	25,000	-	-	-	50,000
Staking costs and application fees	-	-	2,340	-	-	2,340
Exploration						
Amortization	-	2,920	-	-	-	2,920
Assay	-	5,765	-	-	-	5,765
Data	7,575	17,046	-	2,529	-	27,150
Community	690	690	-	-	-	1,380
Consulting	41,750	64,625	-	20,125	-	126,500
Field	-	28,238	-	19,000	-	47,238
License and permitting	1,955	-	-	19,376	-	21,331
Geological survey	-	3,873	-	-	-	3,873
Travel	-	5,591	-	6,679	-	12,270
Government grant	(102,000)	-	-	-	-	(102,000)
Balance, June 30, 2022	\$ 902,750	\$ 516,673	\$ 37,411	\$ 70,874	\$ 68,617	\$ 1,596,325

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Project 939 and EA South, Northwest Territories, Canada

On September 24, 2018, the Company entered into a Letter of Agreement (the "Agreement") with Hunter Exploration Group. Pursuant to the terms of the Agreement, the Company will acquire 100% of interest in the Project 939 and EA South Project located in the Northwest Territory, Canada. Project 939 and EA South comprises 12 prospecting permits (93,821 hectares) and 16 mining claims (12,638 hectares) The Agreement was replaced by a Property Purchase Agreement dated January 11, 2021. According to the Property Purchase Agreement, the Company will have the following obligations:

Cash payments

\$100,000	On or before July 3, 2018 (paid)
\$100,000	On or before August 17, 2018 (paid)
\$50,000	On or before July 1, 2019 (paid)
\$50,000	On or before July 1, 2021 (paid)
\$50,000	On or before July 1, 2021 (Paid)

\$350,000

Work Commitment

\$300,000	By December 31, 2018
\$700,000	By December 31, 2019
\$1,000,000	By December 31, 2020
\$2,000,000	By December 31, 2021

\$4,000,000 (Subsequently revised to complete the total amount by December 31, 2023)

As of June 30, 2022, the Company has incurred accumulatively \$1,564,423 (December 31, 2021 - \$1,383,705) of exploration and evaluation assets.

Share payments

Issue 1,500,000 share units within 10 days of completing the \$4,000,000 work commitment (Subsequently revised to issue the shares no later than January 10, 2024). Each share unit will be comprised of one common share of the Company and one share purchase warrant. Each warrant will be exercisable into one common share of the Company at a price of \$0.50 per share for a period of five years from the date of issuance.

Annual Advanced Royalty Payment ("AARP")

Commencing July 1, 2023, a \$100,000 AARP to be paid on or before July 1 and that of each subsequent year until the commencement of commercial production.

Royalties

The Project is subject to 2% Net Smelter Royalty and a 2% Gross Overriding Royalty on diamonds.

Exploration update - Project 939, Northwest Territories

The 939 Property (the "Project" or the "Property") is located 235 km east of Yellowknife, Northwest Territories (NWT), North of the East Arm of Great Slave Lake. The Property comprises 2 prospecting permits (11,116 hectares (ha)) and 7 mining claims (6,710 ha) of mineral rights. There has been no historical resource estimation work conducted at the Project and therefore, the Property is regarded as an early stage exploration project.

Historical exploration in the vicinity of Misty Lake by Kennecott Exploration Corp. ("KCI") and the Geological Survey of Canada ("GSC") delineated an area approximately 10 kilometers ("km") by 4 km containing anomalous cobalt in lake

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sediments (greater than 150 parts per million ("ppm") cobalt ("Co"), up to 400 ppm Co. Subsequently, Hunter Exploration Group acquired both prospecting permits and mineral claims (now known as the 939 Property).

During 2018, 2019 and 2021 StrategX completed exploration at the 939 Property including: the collection of 68 rock grab samples, 127 lake sediment samples, and 50 till samples; conducted ground-based magnetic survey; ground Moving Loop Electromagnetics ("MLEM"); and an experimental, Aurora Rapid Reactance Tomography ("ARRT"), which is a snowmobile-towed Induced Polarized ("IP") system; in addition, a lake sediment sampling survey collected 24 samples through the ice.

The StrategX sampling programs refined the known lake sediment anomaly as defined by Kennecott Exploration and the Geological Survey of Canada in and up-ice direction to the northeast with values of up to 939 ppm Cobalt; and helped delineate cobalt in lake sediment anomaly in Misty Lake. The 2021 geophysical surveys identified several important linear features interpreted as intersecting structures that coincide with the lake sediment cobalt anomaly in Misty lake. The presence of anomalous cobalt in both rock and lake sediment samples within favourable host lithologies coinciding with untested geophysical anomalies at multiple locales within the Property are encouraging.

Additional exploration is required to determine the consistency and continuity of mineralization as well as develop prioritized targets for follow-up exploration. Phase 1 follow-up exploration will include: (1) Reprocessing and re-interpreting the regional 1994 airborne magnetics to better incorporate the 2021 ground geophysics (\$40,000); (2) Detailed mapping and sampling utilizing the compiled ground and airborne geophysical data (\$270,000); 3. Petrography on dykes and diatremes located during the field work as well as chips from lake sediment samples (\$10,000). The total recommended budget of \$350,000 will be designed to delineate specific drill target locations.

Phase 2, which is contingent on positive results from Phase 1, would include winter drilling to test: Coincidental Geophysical and lake sediment anomalies and important structures where coincidental rock grab anomalies have been located (2000m @ \$600/meter = \$1,200,000).

The Company has focused its exploration objectives attempting to discover the primary source of the anomalous cobalt in lake and till samples. During the first half of the year, the Company received a grant of \$102,000 from the Government of the Northwest Territories to explore the 939 Project for primary cobalt deposits, like that discovered in Broken Hill, Australia. The "Cobalt-Blue" deposit is a new type of primary mineralization forming in Cobalt-rich pyrite zones. This simple mineral assemblage has a high metallurgical recovery rate compared to other more common cobalt-base metal deposits. This increase in recovery has a significant economic consequence for any deposit found.

The next exploration program will be operated out of the Company's field base in Lutselk'e which will also support the EA South project exploration activities.

Exploration update - Project EA South, Northwest Territories

Project EA South is on the south side of the East Arm of the Archean-aged Slave Craton. It is a structurally complex area with Archean basement and a Proterozoic cover sequence. It is an area that has had a long history of structural and magmatic events and with episodic mineralization from the Paleoproterozoic through to the Cambrian era and possibly younger. The Great Bear Magmatic Zone located to the north and west of the Slave craton hosts known Iron-Oxide-Copper-Gold (IOCG) deposits (Nico and Sue-Dianne), considered an exploration analog for EA South, and supports the GSC view that EA South has the potential to host IOCG deposits. This is illustrated by the juxtaposition of IOCG alteration/mineralization and porphyry copper-gold mineralization. Reconnaissance rock sampling has returned samples highly elevated in copper. The initial focus at EA South is the NorthStar porphyry copper-gold target (2km²) located in the Duhamel legacy prospect area explored by Cominco over 50 years ago. Recently the Company completed 50 line-km survey of ground magnetics, prospecting and trench sampling. Additional line-km survey work, similar to the exploration approach conducted at NorthStar, is being prepared to cover other targets identified on EA South as having IOCG potential.

Project Tasijuaq (previously "Project N"), Nunavut, Canada

In March 2022, the Company staked 4 additional claims, 1,013 hectares, at a cost of \$2,340, and changed the project name from Project N to Project Tasijuaq.

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The Tasijuaq Ni-Cu-Co-PGE prospect is located in the northern region of the Melville Peninsula, focused around the Tasijuaq gabbroic intrusive system. The legacy exploration data and new rock samples supported by surface mapping is being reviewed and interpreted by the Company’s geological and geophysical staff. Tasijuaq is emerging as a far more significant prospect than the GSC (Geological Survey of Canada) geologists originally thought. The Company is currently preparing an exploration planning document that lays out the next steps to advance the project.

Project NagVaak, Nunavut, Canada

Effective August 1, 2021, the Company entered into a Mineral Exploration Agreement with Nunavut Tunngavik Incorporated (“NTI”), pursuant to which, the Company obtained a renewable 20-year lease with an area of approximately 2,665 hectares expiring on July 31, 2041.

Annual fees

Year	Annual fees (\$/hectare/year)	Due date
1	1	On signing
2-5	2	On 1 st , 2 nd , 3 rd and 4 th anniversary dates
6-10	3	On 5 th , 6 th , 7 th , 8 th and 9 th anniversary dates
11-15	4	On 10 th , 11 th , 12 th , 13 th and 14 th anniversary dates
16-20	5	On 15 th , 16 th , 17 th , 18 th and 19 th anniversary dates

Minimum annual exploration work requirement

Year	Minimum annual work requirement (\$/hectare/year)
1-2	5
3-5	10
6-10	20
11-15	30
16-20	40

Exploration update – Project NagVaak

Significant progress has been made at the Nagvaak Project by the Company. Surface rock sampling has returned highly elevated values in nickel, vanadium, molybdenum, copper, zinc, silver, and PGEs from a large area 6,000m by 400m – targeting nickel equivalent (NiEq) grades >1%. In 47 out of 144 rock grab samples, the average NiEq* grade is 1.18% and includes highly anomalous average vanadium pentoxide grade of 0.42%. Nagvaak appears to have similar grades and dimensions to other black-shale hosted deposits, globally. The Company has been further refining targets based on interpretations of historical exploration data, as well completing detailed technical studies to include petrography and 3-D interpretations of data from past geophysical and geochemical surveys. A drill contract has been executed and cash advances have been made to allow for shipment of a diamond drill rig, fuel and other equipment required to commence a first phase drill program of 2,000m.

Note: PGE’s + Au are not included in the NiEq calculation. Includes nickel price of US\$22,000/tonne, V2O5 price of US\$21,000/tonne, Cu price of US\$9,500/tonne, Zn price of US\$3,500/tonne, Mo price of US\$44,000/tonne, and Ag price of US\$23/oz. NiEq* formula uses the following formula: $NiEq^* = Ni \% + (V2O5\% \times 0.9545) + (Cu \% \times 0.4318) + (Zn \% \times 0.1591) + (Mo \% \times 2.000) + (Ag \text{ Oz} \times 0.0010)$. The NiEq* calculation will be lower if the metallurgical recovery of the metals is below 100% and will be determined when a resource deposit is defined.

Project Mel, Nunavut, Canada

Pursuant to an agreement with North Arrow Minerals Inc. dated January 13, 2021, the Company acquired 100% of the non-diamond mineral rights in respect of 46 mineral claims (covering approximately 56,075 ha of land) in Nunavut, commonly referred to as the “MEL Project”, subject to a 1% gross overriding royalty on non-diamond mineral production from the property, half of which royalty may be purchased at any time by the Company for \$1,000,000. This royalty applies

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to any property owned by the Company within an area of interest extending up to 5 km from the Mel Project boundary. Pursuant to the same agreement, the Company will be granted a 2% gross overriding diamond royalty (reduced to 1% in areas where there is an existing underlying royalty) over the same property, half of which royalty may be purchased by North Arrow Mines Inc. at any time for \$2,000,000. As consideration being paid for Mel Project, both the 1% gross overriding royalty on non-diamond mineral production and the 2% gross overriding royalty are valued at \$Nil.

Under the agreement, the parties also agreed to share exploration infrastructure in support of their respective exploration and evaluation efforts on the Melville Peninsula and accordingly also entered into a camp and permit sharing arrangement. As of December 31, 2021, the Company accrued \$68,617 of camp costs which was paid in February 2022.

Freeman Smith, P.Geo., and VP Exploration of StrategX Elements Corp., is a Qualified Person within the meaning of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and has reviewed and approved the scientific and technical information in the Exploration and Evaluation Assets descriptions in this Management's Discussion and Analysis.

REVIEW OF FINANCIAL RESULTS

Six months ended June 30, 2022 and 2021

Net Loss

For six months ended June 30, 2022, the Company incurred net loss of \$635,594 as compared to a net loss \$314,741 for the comparative six months ended June 30, 2021.

The major items were as follows:

- Accretion and interest of Nil (2021 - \$3,514) is mainly related to \$50,000 loan from the CEO and \$40,000 CEBA loan.
- Accounting and auditing of \$121 (2021 - \$28,000) consists of \$(1,579) (2021 - \$25,000) of audit and review accrual (reversal) and \$1,700 (2021 - \$3,000) of preparation of corporate income tax returns.
- Corporate and shareholder communication of \$137,676 (2021 - \$1,626) is mainly related to building website, social media, news release and other communication activities after the Company's shares listed on CSE.
- Insurance of \$10,479 (2021 - \$5,250) is for directors' and officers' liability insurance and general liability insurance.
- Legal expense of \$15,451 (2021 - \$51,931) was related to corporate matters. The higher legal fee in the comparative period was due to the preparation of IPO.
- Management fees of \$70,500 (2021 - \$63,000) consisted of \$45,000 (2021 - \$37,500) paid to a company controlled by CFO and \$25,500 (2021 - \$25,500) to a company controlled by the CEO.
- Office expenses of \$18,970 (2021 - \$20,825) consists of insurance, office furniture, meals and entertainment, telephone and internet, and supplies.
- Rent expenses of \$19,437 (2021 - \$8,539) are rent and maintenance costs for its leased office.
- Salary and benefit of \$25,799 (2021 - \$10,266) is paid to a full-time employee the Company hired in June 2021.
- Transfer agent and filing fees of \$8,742 (2021 - \$Nil) mainly consisted of CSE and transfer agent monthly fees.
- Travel of \$13,463 (2021 - \$1,271) is mainly due to trips to PDAC and other convention and promotion events.
- Share based compensation of \$314,956 of current six months ended June 30, 2022 is related to amortization of fair

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value of 2,100,000 stock option granted in January 2022. During the comparative six months ended June 30, 2021, the Company granted 1,050,00 warrants to directors, officers and consultants with a fair value of \$120,519.

QUARTERLY INFORMATION

The table below present's selected financial data for the Company's four most recently completed quarters, all information was prepared in accordance with IFRS.

	Three month period ended June 30, 2022	Three month period ended March 31, 2022
Total assets	\$ 3,012,754	\$ 2,182,802
Exploration and evaluation assets	1,596,325	1,499,313
Shareholders' equity	2,572,461	1,945,534
Net loss and comprehensive loss	(310,903)	(324,691)
Loss per share	(0.01)	(0.01)

	Three month period ended December 31, 2021	Three month period ended September 30, 2021	Three month period ended June 30, 2021	Three month period ended March 31, 2021
Total assets	\$ 2,439,242	\$ 2,399,890	\$ 1,970,930	\$ 1,718,699
Exploration and evaluation assets	1,397,558	1,247,472	1,278,959	1,062,820
Shareholders' equity	2,067,284	2,210,041	1,827,280	1,550,080
Net loss and comprehensive loss	(179,635)	(84,364)	(163,646)	(151,095)
Loss per share	(0.01)	(0.00)	(0.01)	(0.02)

*The Company was a private company prior to December 17, 2021. Quarterly reporting was not required.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The Company is in the exploration stage and no revenue has been generated to date. At June 30, 2022, the Company had cash of \$906,784 (December 31, 2021 - \$831,038) and a working capital of \$636,655 (December 31, 2021 -\$475,801).

In the past, operating capital and exploration requirements have been funded primarily from equity financing and the Company will need to arrange equity or other financing in the near future in order to continue in operation. While the Company has been successful in raising capital in the past, there can be no assurance that such financing will be available to the Company in the amount required or that it can be obtained on terms satisfactory to the Company. The Company's current financial situation indicates material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

Cash Flows

Under operating activities, the Company used \$359,360 in the six-month period ended June 30, 2022, as compared with \$123,599 in the comparative six months ended June 30, 2021. The increased cash spent on operating activities is due to the Company's listing at the CSE starting January 10, 2022.

During the six months ended June 30, 2022, the Company received \$850,815 (2021 - \$1,022,415) of proceeds from

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issuance of 2,836,050 share units (2021 - 6,816,096 shares). In March 2021, the Company repaid the CEO loan principal of \$50,000.

In the investing activities, in relation to the mineral property exploration, during the six months ended June 30, 2022, the Company spent \$353,164 (2021 - \$441,857) on exploration, advanced \$100,000 (2021 - \$Nil) to a drilling company, and made a net deposit of \$11,500 (2021 - \$Nil) to the Government of the Nunavut and the Northwest Territories in relation to permit application. The Company received \$102,000 of grant from the Government of Northwest Territories in June 2022. The Company also purchased geological equipment of \$35,045 (2021 - \$Nil) during the six months ended June 30, 2022.

SUBSEQUENT EVENTS

N/A

OUTSTANDING SHARE DATA

The following table summarizes the Company's outstanding share data as of the date of this MD&A:

	Number of securities
Common shares	27,689,313
Stock options	2,100,000
Warrants	5,668,024

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the six months ended June 30, 2022:

- a) the Company paid or accrued consulting fees of \$25,500 (2021 - \$25,500) in exploration and evaluation assets, and \$25,500 (2021 - \$25,500) in management fees to a company controlled by the CEO. As of June 30, 2022, the Company had \$12,283 (December 31, 2021 - \$26,775) payable to the company controlled by the CEO and \$19,080 (December 31, 2021 - \$Nil) to the CEO for expense reimbursement.
- b) the Company paid or accrued management fees of \$45,000 (2021 - \$37,500) to a company controlled by the CFO. As of June 30, 2022, the Company had \$23,625 (December 31, 2021 - \$23,625) payable to the company controlled by the CFO.
- c) the Company paid or accrued consulting fees of \$48,000 (2021 - \$39,000) in exploration and evaluation assets to a company controlled by the VP Exploration. As of June 30, 2022, the Company had \$7,818 (December 31, 2021 - \$8,614) payable to the company controlled by the VP Exploration.
- d) 1,300,000 (2021 - Nil) stock options were granted to directors and officers having a fair value on issuance of \$295,729 (2021 - \$Nil), of which \$194,972 (2021 - \$Nil) was amortized and recorded in the consolidated statements of loss and comprehensive loss during the six months ended June 30, 2022.
- e) Nil (2021 - 1,000,000) warrants were granted to directors and officers having a fair value on issuance of \$Nil (2021 - \$114,780).
- f) As at June 30, 2022, the Company had \$12,487 (December 31, 2021 - \$Nil) payable to 10X Minerals Corp. ("10X"), a company controlled by the CEO, for purchase of field supplies.

Due to related parties do not bear interest, are unsecured and repayable on demand.

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Due from related party

On August 1, 2018, the Company and the CEO entered into a Revolving Line of Credit Agreement ("LOC"). Pursuant to the Agreement, the Company will make payments towards Project Green located in the Republic of Panama, of which the CEO currently holds the mineral property application. The LOC has a maximum funding amount of US\$100,000, interest free, and repayable by July 31, 2025.

On June 15, 2021, the Company, the CEO and 10X Minerals Corp. ("10X") entered into a loan Assignment and Assumption Agreement, pursuant to which 10X assumed the LOC from the CEO, and the Company consent to the assignment of the LOC from the CEO to 10X. The Company expect to have the loan settled with common shares of 10X. 10X was incorporated on March 10, 2021 under the laws of British Columbia, Canada, and is also controlled by CEO. 10X is a junior exploration company focused on exploring diamonds and specialty minerals in Nunavut, Canada.

As of June 30, 2022 and December 31, 2021, the accumulated advance is US\$99,543 (June 30, 2022 - \$128,324; December 31, 2021 - \$126,393).

FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company's financial assets are comprised of cash which is classified as fair value through profit or loss, and due from related parties which are measured at amortized cost.

The Company's liabilities include accounts payable and accrued liabilities, due to related parties and loans and long term loans which are all measured at amortized cost. After initial recognition, an entity cannot reclassify any financial liability.

Financial risk management

The Company's objective in risk management is to maintain its ability to continue as a going concern. It is exposed to the following risks:

Liquidity risk

Liquidity risk is the risk that the Company might not be able to meet its obligations and commitments as they come due. As at June 30, 2022, the Company had cash of \$906,784 (December 31, 2021 - \$831,038) and a working capital of \$636,655 (December 31, 2021 - \$475,801).

Credit risk

Credit risk arises from cash held with financial institutions as well as credit exposure on outstanding receivables. The Company's cash is held at high-credit rating financial institutions. Receivables only consist of refundable government goods and services tax. The Company has minimal credit risk.

Market risk

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

i. Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company's exposure to interest rate risk is insignificant.

ii. Foreign currency risk

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Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has a due from related party balance which is denominated in U.S. Dollars. A 10% fluctuation in exchange rates between Canadian and U.S. Dollars would result in a \$13,000 change in due from related party and foreign exchange loss. The Company does not use any techniques to mitigate foreign currency risk.

iii. Equity price risk

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required.

RISKS AND UNCERTAINTIES

The Company's business is the exploration and development of mineral properties. As a result, the Company's operations are speculative. The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

Whether a mineral deposit will be commercially viable depends on a number of factors, which include, receipt of adequate financing; correct interpretation of geological data; feasibility and other studies; the particular nature of the mineral deposit, such as size grade, metallurgy and physical structure; expected and real metal recoveries; proximity to infrastructure and labour; the cost of water and power; climactic conditions; metal prices; fluctuations in currency exchange rates and metal prices; timely granting of necessary permits; government regulations and taxes; and environmental protection and regulations. The effect of these factors cannot accurately be predicted, but in combination these risk factors may adversely affect the Company's business.

The risks and uncertainties described in this section are not inclusive of all risks and uncertainties to which the Company may be subject. Furthermore, the Company may face additional risks and uncertainties not presently known to the Company and its management or risks currently seen as immaterial may impair the Company's business in the future.

Early Stage - Need for Additional Funds - The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

Location - The Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on exploration and evaluation assets.

Exploration and Development Risks - Resource property acquisition, exploration, development, and operation are a highly speculative business that involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of precious metals and other minerals may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish economically viable mineral deposits, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the acquisition, exploration or development programs planned by the Company will result in a profitable commercial mining operation. The potential for any project to eventually become an economically viable operation depends on numerous factors including: the quantity and quality of the minerals discovered if any, the proximity to infrastructure, metal and mineral prices (which vary considerably over time) and government regulations. The exact effect these factors can have on any given exploration property cannot accurately be predicted but the effect can be materially adverse.

Environmental Risk - Current or future environmental laws and regulations may affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances,

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obligations to rehabilitate current and former facilities and locations where operations are or were conducted. Furthermore, the permission to operate could be withdrawn temporarily where there is evidence of serious breaches of health and safety, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damages caused by previous owners of acquired properties or non-compliance with environmental laws or regulations. The Company intends to minimize these risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to international environmental standards.

Commodity Prices - The market price of precious metals and other minerals is volatile and cannot be controlled.

Conflicts - The Company's directors and officers serve as directors or officers, or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction.

Dependence on Key Personnel - The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Competition - The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and technical capacity.

Political Risk - The Company's operations and investments may be affected by local political and economic developments including: expropriation; nationalization; invalidation of governmental orders; permits or agreements pertaining to property rights; failure to enforce existing laws; failure to uphold property rights; political unrest; labour disputes; inability to obtain or delays in obtaining necessary mining permits; opposition to mining from local, environmental or other non-governmental organizations; government participation; royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations; taxation and changes in laws, regulations or policies; as well as by laws and policies of Canada affecting foreign trade, investment and taxation.

Impact of COVID-19 - The Company's business is focused on exploring mineral properties in Northwest Territories. Management doesn't believe that COVID-19 will have a strong impact on the Company's financial results. Access to the properties might be delayed because of COVID-19 in the future, and as a result, the Company may delay certain aspects of its exploration and remediation work plans accordingly.