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The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of EDM Resources Inc. (formerly ScoZinc Mining Ltd.) ("EDM" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the nine months ended September 30, 2023. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2022, as well as the unaudited interim consolidated financial statements for the nine months ended September 30, 2023, together with the notes thereto. Information contained herein is presented as at November 28, 2023, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of EDM's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

EDM is a Canadian based exploration and mining development company with mineral prospects, mineral deposits and mineral processing facilities in Nova Scotia, Canada.

## **OUTLOOK**

On 18<sup>th</sup> August 2023, the Company announced that it continues to carefully monitor the Zinc and Lead metal prices which have remained lower than anticipated. Among other factors, the Company intends to align the Scotia Mine re-start timeline with potentially favourable market conditions. While the long-term fundamentals of Zinc and Lead remain robust, the 2024 forecast metal prices are lower than the average metal prices used in the Company's 2021 Pre-Feasibility Study.

Additionally, the Company announced that it continues to advance and maintain its permitting of the Scotia Mine with the Scotia Mine's two Environmental Assessment Approvals in place. However, the Department of Fisheries and Oceans' (the "DFO") approval is behind schedule, since the DFO had recently advised that it required additional information in connection with the application, including a more expanded and in-depth application than previously necessary. This requires additional field work, and the application submission to the DFO is now estimated to be the summer of 2024.

The Company is actively working with its Stakeholders, Offtake partner, regulators, contractors and consultants to determine the development timeline. Once the Company makes the timeline announcement, EDM expects the Scotia Mine to enter into commercial production within 6-9 months of that announcement.

The Scotia Mine's engineering consultants, Ausenco Engineering, have conducted detailed design work on the mill, and expect to have the necessary construction drawings ready by Q4 2023.

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On 9<sup>th</sup> May 2023, a total of 1,210,000 stock options were granted to certain directors, employees and consultants of the Company at a strike price of C\$0.50 and expiring on May 9, 2028, subject to the Company's Stock Option Plan and the policies of the TSX Venture Exchange.

On 2<sup>nd</sup> May 2023, the Company closed a non-brokered hard dollar and flow-through private placement for aggregate gross proceeds of C\$2,036,100 (the "Offering"). The hard dollar component of the Offering consists in the private placement of 3,722,200 units ("HD Units") of the Company (the "Hard Dollar Offering"), at a price of C\$0.50 per HD Unit for gross proceeds of C\$1,886,100, each HD Unit consisting of one common share of the Company (each an "HD Share") and one share purchase warrant entitling the holder to purchase one common share of the Company (each an "HD Warrant Share") at a price of C\$0.75 for each HD Warrant Share, until May 2, 2026. The Company will use the net proceeds from the Hard Dollar Offering to advance geotechnical and environmental bonding work at its wholly owned Scotia Mine, located 60 km north of Halifax (the "Scotia Mine"), to pay deposits for critical long-lead time equipment required to commence mining operations at the Scotia Mine, and for general working capital purposes.

The flow-through component of the Offering consists in the private placement of 250,000 flow-through units ("FT Units") of the Company (the "Flow-Through Offering"), at a price of C\$0.60 per FT Unit, for gross proceeds of C\$150,000, with each FT Unit consisting of one common share of the Company (each an "FT Share") and one half of one share purchase warrant entitling the holder to purchase one common share of the Company (each an "FT Warrant Share") at a price of C\$0.75 for each FT Warrant Share, until May 2, 2026. The Company will use the gross proceeds from the Flow-Through Offering to conduct exploration work on its mineral properties qualifying as Canadian Exploration Expenditures, as such term is defined in the Income Tax Act (Canada).

Certain directors, officers and other insiders of the Company (collectively the "Insiders") have acquired a total of 650,000 Units in the Offering. The participation of Insiders constitutes a "related party transaction", as such term is defined in Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions and Companion ("MI 61-101"). The Company is relying on exemptions from the formal valuation and minority shareholder approval requirements provided under MI 61-101 on the basis that the participation by Insiders does not exceed 25% of the fair market value of the Company's market capitalization.

In connection with the Offering, the Company has paid C\$95,277 in cash compensation and issued 144,774 finder's warrants (the "Broker Warrants") to eligible finders for their assistance with the Offering. Each Broker Warrant is exercisable into a Common Share until May 2, 2026.

On 22<sup>nd</sup> February 2023, the Company announced that Mr. Kevin Farrell had joined the Company in the role of interim Chief Financial Officer.

On 30<sup>th</sup> January 2023, the Company announced that Mr. Christopher Hopkins had resigned as a director and the interim Chief Financial Officer due to personal reasons.

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On 22<sup>nd</sup> December 2022, the Company announced it had received the authorization from the Nova Scotia Minister of Environment and Climate Change for the date extension request for the Environmental Assessment Approval of the Southwest Expansion Project. The date extension has been granted for commencement of work on the Southwest Expansion Pit by September 9, 2024.

On 4<sup>th</sup> October 2022, the Company announced the appointment of Mr. Rajesh Sharma to the Board of Directors as a nominee of Fancamp Exploration Ltd. ("Fancamp"). As announced by the Company in its news release of September 16, 2021, Fancamp has the right to nominate a director to the Company's board as long as it holds over 10% of the Company's issued and outstanding common shares.

On 22<sup>nd</sup> September 2022, the Company announced that Red Cloud Financial Services Inc. ("Red Cloud") were engaged on a 12-month term to perform a range of marketing services designed to build EDM's profile in the North American capital markets, including the retail sector.

On 29<sup>th</sup> June 2022, the Company announced that it had entered into a definitive credit agreement with IXM S.A. ("IXM") to provide US\$24 million in debt finance to the Company (the "Credit Agreement"), which will finance the Scotia Mine to commercial production. IXM has also entered into offtake agreements with the Company to buy 100% of the zinc and lead concentrates produced at the Scotia Mine, for the first 10 years of production (the "Offtake Agreements"). The Credit Agreement required TSX Venture Exchange (the "TSXV") final approval, with the TSXV granting conditional approval on June 22, 2022. Final TSXV approval required approval of the Credit Agreement by the Company's shareholders, which was sought and granted at the Company's most recent annual general meeting held on August 30, 2022.

On 28<sup>th</sup> June 2022, the Company announced that Mr. Christopher Hopkins had assumed the role of interim Chief Financial Officer to replace Mr. Robert Suttie, and that the Company had commenced a formal search for a full-time Chief Financial Officer.

On 4<sup>th</sup> April 2022, the Company announced that it was in advanced exclusive discussions to obtain debt financing and enter into an offtake agreement sufficient to put EDM's Scotia Mine into commercial production in Q4 of 2023.

In March, April and May of 2022, a total of 2,050,191 warrants were exercised for gross proceeds of \$1,025,095.50.

On 10<sup>th</sup> January 2022, the Company announced its change of name to EDM Resources Inc., which was an important step in the Company's expansion of re-branding and changing its trading symbol to EDM.

On 16<sup>th</sup> November 2021, the Company announced the results of its updated Preliminary Feasibility Study (the "Pre-Feasibility Study", the "PFS" or the "2021 PFS") which included a gypsum reserve and determined the updated capital requirements and robust economics for 100%-owned Scotia Mine in Nova Scotia, Canada.

Highlights of the PFS (the "2021 PFS") are provided in the table below, with additional details of the NI 43-101 Technical Report to be filed on www.sedar.com under EDM's profile, by 30<sup>th</sup> December 2021.

**2021 Pre-Feasibility Study Highlights**

Pre-Tax Net Present Value (Discount Rate 8%)	\$174M
Pre-Tax Internal Rate of Return	69%
After-Tax Net Present Value (Discount Rate 8%)	\$128M
After-Tax Internal Rate of Return	65%
EBITDA (Annual Average)	\$18M
Payback Period (Years)	1.3
Pre-Production CAPEX (incl. \$2.7M Contingency)	\$30.6M
Metal Production Zinc (5 Year Annual Average)	35M lbs
Metal Production Lead (5 Year Annual Average)	15M lbs
Zinc Concentrate Grade (LOM Average)	57%
Lead Concentrate Grade (LOM Average)	71%
Processing Throughput Rate (Tonnes Per Day)	2,700
Life of Mine ("LOM") (Years)	14.3 Years
Ore Reserves Mined (LOM Total)	13.66Mt
Zinc Ore Grade (LOM Average)	2.03% Zn
Lead Ore Grade (LOM Average)	1.10% Pb
Gypsum Grade (LOM Average)	91.8%
Net Revenue After Royalty & Treatment Charges	\$875M
Operating Cash Flow Before Taxes	\$357M
C1 Costs Over LOM <sup>1</sup>	US\$0.50/lb
Total Operating Cost (Per tonne Milled LOM)	\$52.56/t
All-In-Sustaining-Cost (ZnEq.) <sup>1,2</sup>	US\$0.52/lb
Zinc Price (LOM Average)	US\$1.22/lb
Lead Price (LOM Average)	US\$1.04/lb
Gypsum Crude Price (LOM Average)	US\$8.60/t
Foreign Exchange Rate (CAD: USD)	0.80

All dollar amounts are expressed in Canadian Dollars unless otherwise noted

1 After Lead credits deducted

2 All-In-Sustaining-Costs ("AISC") are C1 Costs plus Sustaining Capital and Financing Costs

On 1<sup>st</sup> November 2021, the Company announced a non-binding gypsum offtake agreement with a Nova Scotian end buyer, for the life of mine supply of Gypsum from the Scotia Mine.

On 19<sup>th</sup> October 2021, the Company appointed Mr. Mark Billings as an Independent Director.

On 6<sup>th</sup> October 2021, EDM and Fancamp Exploration Ltd. ("Fancamp") closed a private placement and shares for debt transaction.

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On 16<sup>th</sup> September 2021, EDM and Fancamp agreed to terminate the February 12, 2021, Arrangement Agreement and enter into a new agreement in which Fancamp would invest in EDM by way of a subscription to a \$1,300,000 non-brokered private placement as well as convert the Fancamp Loan and Termination Fee to equity in EDM.

On 14<sup>th</sup> July 2021, EDM and Fancamp agreed to extend the deadline for closing the business combination (the "Transaction") with Fancamp paying a \$125,000 extension fee to EDM to extend the deadline of the Transaction to 2<sup>nd</sup> August 2021, with a further extension fee payable by Fancamp prior to 2<sup>nd</sup> August 2021, if Fancamp wished to extend the Transaction to 2<sup>nd</sup> September 2021. On 2<sup>nd</sup> August 2021, Fancamp paid EDM the second extension fee of \$125,000 to extend the deadline for closing the Transaction to 2<sup>nd</sup> September 2021.

On 19<sup>th</sup> May 2021, pursuant to the Arrangement, Fancamp and EDM executed a loan agreement of up to \$250,000 required to implement the business combination (the "Transaction") which was associated with the delayed closing date. Fancamp and EDM have also agreed to amend the Arrangement Agreement to extend the outside date by which the Transaction must close to 2<sup>nd</sup> July 2021 and have scheduled the closing for that date. The Fancamp loan terms included a 12-month maturity of up to \$250,000, bearing an interest charge of 5 percent per annum. An initial amount of \$150,000 was provided to EDM, following which an additional \$100,000 was provided to EDM on the basis of an expenditure justification.

On 20<sup>th</sup> April 2021, the Company announced that the British Columbia Supreme Court has granted a final order approving the plan of arrangement between EDM and Fancamp required to implement the business combination (the "Transaction"). Closing of the Transaction by Fancamp is subject to approval of the TSX Venture Exchange ("TSXV") which Fancamp advises that it anticipates obtaining shortly but which has not yet been received. Fancamp has additionally advised that a dissident shareholder of Fancamp, Mr. Peter H. Smith, has also made an application to the British Columbia Securities Commission ("BCSC") to stay or overturn any decision by the TSXV approving the Transaction, and to require that Fancamp obtain shareholder approval for the Transaction. Fancamp has undertaken to the BCSC not to close the Transaction until after 28<sup>th</sup> April 2021 pending hearing of the application. The Company anticipates that Fancamp will be successful in proceedings before the BCSC and expects the Transaction to close shortly thereafter in accordance with the terms of the 12<sup>th</sup> February 2021 arrangement agreement between EDM and Fancamp. Accordingly, EDM looks forward to closing the Transaction shortly after 28<sup>th</sup> April 2021. The Company also announced it had received conditional approval from the TSXV for the Transaction but remains subject to the final approval of the TSXV.

On 12<sup>th</sup> April 2021, the Company held an Extraordinary General Meeting ("EGM") at which its securityholders were asked to consider and, if thought advisable, pass a special resolution approving a plan of arrangement under Section 288 of the BC Business Corporations Act (the "Arrangement") which would result in EDM becoming a wholly owned subsidiary of Fancamp by amalgamating with an existing wholly owned subsidiary of Fancamp (the "Transaction"). At the meeting, the securityholders voted overwhelmingly in favour of the resolution approving the arrangement agreement pursuant to which, inter alia, Fancamp will indirectly acquire all of the issued and outstanding common shares of EDM on the basis of 6.0 Fancamp ordinary shares for each EDM common share (the "Arrangement"). The Arrangement required the approval of: (a) 66<sup>2/3</sup>% of EDM's shareholders ("Shareholder Approval"); (b)

66<sup>2/3</sup>% of EDM's shareholders, warrant holders, option holders and RSU holders voting as a single class ("Securityholder Approval"); and (c) approval by a simple majority of 50% plus one vote of EDM's shareholders, excluding shares held or controlled by Messrs. Ashwath Mehra and Mark Haywood ("Majority of the Minority Approval").

On 22<sup>nd</sup> March 2021, the Company announced results of its 2021 Mineral Resource Estimate which includes a significant Gypsum mineral resource for the Scotia Mine. The 2021 Mineral Resource Statement is provided below:

**Mineral Resource Statement**

**Scotia Mine 2021 Mineral Resource Estimation, March 22, 2021 – MineTech International Limited**

<b>Classification</b>	<b>Zone</b>	<b>Tonnage (kt)</b>	<b>Zn (%)</b>	<b>Pb (%)</b>	<b>ZnEq (%)</b>	<b>Gypsum Tonnage (kt)</b>	<b>Gypsum (%)</b>
<b>Measured</b>	Getty	60	1.38	1.25	2.58	0	0
	Main	4,130	2.57	1.30	3.81	1,310	93.0
	North East	130	3.18	1.88	4.98	220	91.9
	<b>Total</b>	<b>4,320</b>	<b>2.57</b>	<b>1.32</b>	<b>3.83</b>	<b>1,530</b>	<b>92.8</b>
<b>Indicated</b>	Getty	8,090	1.24	0.81	2.02	0	0
	Getty South	840	1.58	0.25	1.82	0	0
	Main	9,870	1.92	1.01	2.89	2,500	92.7
	North East	2,330	2.88	1.15	3.98	1,150	88.7
<b>Total</b>	<b>21,130</b>	<b>1.75</b>	<b>0.92</b>	<b>2.64</b>	<b>3,650</b>	<b>91.4</b>	
<b>Measured &amp; Indicated</b>	Getty	8,150	1.24	0.82	2.03	0	0
	Getty South	840	1.58	0.25	1.82	0	0
	Main	14,000	2.11	1.09	3.16	3,810	92.8
	North East	2,460	2.89	1.19	4.04	1,370	89.2
<b>Total</b>	<b>25,450</b>	<b>1.89</b>	<b>0.99</b>	<b>2.84</b>	<b>5,180</b>	<b>91.8</b>	
<b>Inferred</b>	Getty	950	1.35	0.54	1.87	0	0
	Getty South	770	1.53	0.25	1.77	0	0
	Main	2,980	1.49	0.79	2.25	250	92.2
	North East	310	2.01	0.74	2.72	540	90.7
<b>Total</b>	<b>5,010</b>	<b>1.50</b>	<b>0.66</b>	<b>2.13</b>	<b>790</b>	<b>91.2</b>	

Source: MineTech 2021

- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that any part of the Mineral Resources estimated will be converted into Mineral Reserves;
- Determination of reasonable prospects of eventual economic extraction was based on assumed prices for Zinc of US\$1.35/lb, and for Lead of US\$1.14/lb, a Zinc recovery of 86% and a Lead recovery of 93%,

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*mining and processing costs varying by zone, and pit slopes of 45 degrees in rock and 22 degrees in overburden;*

- *Near surface resources are reported based on a Zinc equivalent ("ZnEq") grade of 0.90% and a Gypsum grade of 80%. The ZnEq grade incorporates Zinc and Lead sales costs of US\$0.19/lb and US\$0.11/lb respectively, and a 2% royalty to the Government of Nova Scotia; and*
- *Numbers in the table have been rounded to reflect the accuracy of the estimate and may not sum due to rounding.*

On 18<sup>th</sup> February 2021, the Company announced that it had entered into a definitive arrangement agreement (the "Arrangement Agreement") with Fancamp, whereby Fancamp will indirectly acquire all of the issued and outstanding securities of EDM by way of a plan of arrangement (the "Arrangement") under the Business Corporations Act (British Columbia). Pursuant to the terms of the Arrangement Agreement, shareholders of EDM (the "EDM Shareholders") will receive 6.0 common shares of Fancamp (each whole share a "Fancamp Share") for every EDM Share held (the "Exchange Ratio"). Upon the closing of the Transaction, former shareholders of EDM will hold 33.7% of the Fancamp's common shares outstanding. The Exchange Ratio represents a premium of 5.9% based on the 30-day volume weighted average price of EDM and Fancamp's shares traded on the TSX Venture Exchange for the period ended 12<sup>th</sup> February 2021.

On 23<sup>rd</sup> December 2020, the Company announced that it had confirmed the gypsum surface rights at the Scotia Mine and that it was proceeding toward a new NI 43-101 Mineral Resource Estimate Technical Report.

On 2<sup>nd</sup> December 2020, Mr. Mark Billings resigned as a director of the Company and divested or relinquished all his securities in the Company.

On 7<sup>th</sup> July 2020, the Company announced the results of its first Preliminary Feasibility Study (the "Pre-Feasibility Study" or the "2020 PFS") which determined the capital requirements and robust economics for 100%-owned Scotia Mine in Nova Scotia, Canada. The results of the 2020 PFS were announced on 7<sup>th</sup> July 2020 and the NI 43-101 Technical Report was filed on SEDAR on 29<sup>th</sup> July 2020. Based on the positive 2020 PFS results, the Company is actively pursuing the necessary finance to begin commercial production as soon as possible.

Highlights of the 2020 PFS are provided in the table below, with additional details of the NI 43-101 Technical Report available on [www.sedar.com](http://www.sedar.com) under EDM's profile.

**2020 Pre-Feasibility Study Highlights**

Pre-Tax Net Present Value (Discount Rate 8%)	\$156M
Pre-Tax Internal Rate of Return	52%
After-Tax Net Present Value (Discount Rate 8%)	\$115M
After-Tax Internal Rate of Return	49%
EBITDA (Annual Average)	\$17.1M
Payback Period (Years)	2.4
Pre-Production CAPEX (incl. \$2.7M Contingency & \$1.2M Finance)	\$30.8M
Metal Production Zinc (5 Year Annual Average)	35M lbs
Metal Production Lead (5 Year Annual Average)	15M lbs
Zinc Concentrate Grade (LOM Average)	57%
Lead Concentrate Grade (LOM Average)	71%
Processing Throughput Rate (Tonnes Per Day)	2,700
Life of Mine ("LOM") (Years)	14.25
Ore Reserves Mined (LOM Total)	13.66Mt
Zinc Ore Grade (LOM Average)	2.03% Zn
Lead Ore Grade (LOM Average)	1.10% Pb
Net Revenue After Royalty & Treatment Charges	\$822M
Operating Cash Flow Before Taxes	\$335M
Financing Costs	\$4.6M
C1 Costs Over LOM <sup>1</sup>	US\$0.59/lb
Total Operating Cost (Per tonne Milled LOM)	\$53.72/t
All-In-Sustaining-Cost (ZnEq.) <sup>1,2</sup>	US\$0.60/lb
Zinc Price (LOM Average)	US\$1.19/lb
Lead Price (LOM Average)	US\$0.89/lb
Foreign Exchange Rate (CAD: USD)	0.71

All dollar amounts are expressed in Canadian Dollars unless otherwise noted

1 After Lead credits deducted

2 All-In-Sustaining-Costs ("AISC") are C1 Costs plus Sustaining Capital and Financing Costs

On 3<sup>rd</sup> June 2020, the Company announced management costs savings to further strengthen the Company's financial position during the COVID-19 Pandemic and to ensure that the capital raised is extended as much as possible, by which all the management team have reduced their monthly salary or contract payments by 20 percent, for a period of 3 months, effective 1<sup>st</sup> May 2020.

On 29<sup>th</sup> May 2020, the Company announced the closing of a third and final oversubscribed tranche of its \$1,150,000 non-brokered private placement. The first tranche (the "First Tranche") closed on 22<sup>nd</sup> April 2020 and consisted of the sale of 1,678,011 Units for gross proceeds of \$503,403.30, and the second tranche (the "Second Tranche") closed on 22<sup>nd</sup> May 2020 and consisted of the sale of 1,645,368 Units for gross proceeds of \$493,610.40. The third tranche (the "Third Tranche") consisted of the sale of 509,954 units for the gross proceeds of \$152,986.20. The Third Tranche, the Second Tranche and the First Tranche



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comprise the Offering consisting of the sale of an aggregate of 3,833,333 Units for aggregate gross proceeds of \$1,150,000.

On 18<sup>th</sup> December 2019, the Company announced a new mineral resource estimate (the "2019 MRE") which effectively doubled the total measured and indicated resources applied in all past PEAs on the Scotia Mine. Based upon the new 2019 MRE and a mill trade off study by Ausenco Engineering Canada, the PFS will produce an independent NI 43-101 technical report, including new mineral reserve estimates.

During the third quarter of fiscal 2019, EDM's head office address was changed to Halifax (Nova Scotia) from Toronto (Ontario) to bolster the Company's Nova Scotian focus and demonstrate our commitment to advancing our operations in Nova Scotia.

On 25<sup>th</sup> October 2019, the Company appointed Mr. Mark Billings as an Independent Director.

On 20<sup>th</sup> September 2019, the Company appointed Mr. Mark Haywood as a Director.

On 21<sup>st</sup> August 2019, Mr. Ashwath Mehra joined the Board of Directors and Mr. Mark Haywood was appointed the President and Chief Executive Officer of the Company, replacing Mr. Joseph Ringwald, both effective 20<sup>th</sup> August 2019.

## **PROPERTY INFORMATION, COMPLETED ACTIVITIES AND OUTLOOK**

### **Scotia Mine**

On 21<sup>st</sup> May 2011, the Company completed the \$10 million acquisition of all shares and assets of Scotia Mine Limited (formerly ScoZinc Limited), including the Scotia Mine in Nova Scotia, an extensive mineral claims package that is subject to a mineral royalty to the Government of Nova Scotia and other royalties on certain other mineral interests. A portion of the gross sale proceeds was paid directly to the Government of Nova Scotia to increase bonding requirements for an amended reclamation and closure plan for the Scotia Mine and to pay all outstanding production royalties to the Government of Nova Scotia that were payable prior to the closure of the Scotia Mine in 2009. Since the mine's closure, the key permits, mineral claims, and other approvals necessary to proceed with a restart have been maintained or renewed.

In October 2011, the Company completed a 4,940-metre, 39-hole drill program at the Scotia Mine site to better define mineral resources adjacent to the Main Pit and improve confidence in the block model. The results of the drill program provided a basis to re-assess the block model used in an independent preliminary economic assessment ("PEA") report dated 7<sup>th</sup> October 2011. Subsequently, a new inventory of mineral resources was published in a technical report to NI 43-101 standards on 9<sup>th</sup> October 2012.

In the first quarter of 2012, the Company completed an airborne geophysical survey of its exploration properties in Nova Scotia using the helicopter-borne Versatile Time Domain Electromagnetic system. The work area covered geological strata that contain former producing mines, such as Walton Mine, Smithfield Mine, and Mindamar (Stirling) Mine. Following the initial findings of the survey, the Company expanded the survey to include its mineral claim holdings in the Musquodoboit area along an interpreted northeast

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extension of the favourable carbonate reef structures that host the Gays River and Getty deposits. As a result of this survey, exploration targets were identified for future exploration fieldwork.

In the first, second, and fourth quarters of 2013, the Company's geologic personnel completed soil sampling programs on exploration licenses and claim blocks held within Nova Scotia and Cape Breton. The purpose of the soil sampling program was to follow up and evaluate certain high-priority geophysical targets identified from the 2012 airborne geophysical survey. In addition, expenditures incurred from the soil surveys were utilized to fulfill the annual assessment requirements needed to keep the claims and licenses in good standing. All work was conducted in areas underlain by favorable geologic lithologies known to host zinc-lead mineralization as exemplified by former producing mines.

On 18<sup>th</sup> May 2012, the Company received approval from the Government of Nova Scotia for an amended Industrial Approval to develop the southwest side of the Main Pit (the "SW Expansion"). As a result, and as of that date, the Scotia Mine had all of the necessary permits and approvals to proceed with mining operations at the Main Pit and the SW Expansion. Additional reclamation and closure bonding would be required before the Company can develop the SW Expansion.

In the third quarter of 2013, the Company's Board of Directors conducted an in-depth review of the Company's 100% owned Scotia Mine and the Company's exploration prospects (collectively, "EDM's Projects"), the outlook for commodity prices, and the current environment for financing mining operations. Based upon the findings of this review, the Board determined that the Scotia Mine is a valuable asset. However, in light of the uncertain prevailing environment for metal prices and mine development financing at that time, the Board decided to suspend the restart of the Scotia Mine and place the project on care and maintenance in order to preserve its value and reduce Company expenditures.

As part of the care and maintenance program, an ongoing objective of the Company is to maintain all of the key permits, mineral claims, and other approvals necessary to proceed with the restart of the Scotia Mine. In the fourth quarter of 2016, the Company initiated discussions with the Nova Scotia departments of the Environment and Natural Resources for the renewal of the industrial approval (the "IA") for Mineral Lease 10-1 that contains the Scotia Mine. The IA which expired in February 2017 was renewed in September 2017 for an additional 10 years. Similarly, the environmental assessment which expired in October 2017 was renewed.

In the fourth quarter of 2017 the Company initiated an independent update to the Preliminary Economic Assessment based on a more detailed mine plan, contract mining with bids from major Nova Scotia contractors, updated capital costs, and updated milling and other operating costs. Results of the study were disclosed in a news release dated 19<sup>th</sup> December 2017 and the NI 43-101 technical report with the final results was disclosed in February 2018. As the study showed robust economics for the restart of operations, necessary key permits were in place, and a favorable metal price and exchange rate environment was expected for the foreseeable future, the Company initiated efforts to raise funds for restarting operations.

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On 18<sup>th</sup> December 2019, the Company announced a new mineral resource estimate (the "2019 MRE") which effectively doubled the total measured and indicated resources applied in all past PEAs on the Scotia Mine.

Highlights of the 2019 MRE include:

- Total Measured & Indicated Resources of 25,450,000 tonnes at a Zinc equivalent grade of 2.84% (1.89% Zinc, 0.99% Lead), an increase in tonnage of 105% from previous resource estimates on the deposit.
- Total Inferred Resources of 5,010,000 tonnes at a Zinc equivalent grade of 2.13% (1.55% Zinc, 0.66% Lead), an increase in tonnage of 7% from the previous resource estimates on the deposit.

Additionally, on 5<sup>th</sup> February 2020, the Company announced the results of a mill optimization trade-off study completed by Ausenco Engineering Canada Inc. The trade-off study evaluated the mill and its processing bottlenecks and determined that a number of low-cost improvements could be made during a relatively short refurbishment period to significantly de-risk the processing operations.

Based upon the new 2019 MRE and the Ausenco optimization study, the Company then decided to complete a Preliminary Feasibility Study on the project, which would determine the Scotia Mine's first NI 43-101 mineral reserve estimate and a provide an independent NI 43-101 technical evaluation on the entire project.

On 7<sup>th</sup> July 2020, the Company announced the results of its first Preliminary Feasibility Study (the "2020 PFS") including its first NI 43-101 Mineral Reserve Estimate. The 2020 PFS was prepared in collaboration with the independent engineering firms of Ausenco Engineering Canada Inc., MineTech International Limited, SRK Consulting (U.S.), Inc., and Terrane Geoscience Inc. The 2020 PFS NI 43-101 Technical Report was filed on [www.sedar.com](http://www.sedar.com) under EDM's profile on 29<sup>th</sup> July 2020.

On 22<sup>nd</sup> March 2021, the Company announced results of its 2021 Mineral Resource Estimate which includes a significant Gypsum mineral resource for the Scotia Mine.

The 2021 Mineral Resource Statement is provided below, and the NI 43-101 Technical Report was filed on www.sedar.com under EDM's profile on 6<sup>th</sup> May 2021:

**2021 Mineral Resource Statement**

**Scotia Mine 2021 Mineral Resource Estimation, March 22, 2021 – MineTech International Limited**

<b>Classification</b>	<b>Zone</b>	<b>Tonnage (kt)</b>	<b>Zn (%)</b>	<b>Pb (%)</b>	<b>ZnEq (%)</b>	<b>Gypsum Tonnage (kt)</b>	<b>Gypsum (%)</b>
<b>Measured</b>	Getty	60	1.38	1.25	2.58	0	0
	Main	4,130	2.57	1.30	3.81	1,310	93.0
	North East	130	3.18	1.88	4.98	220	91.9
	<b>Total</b>	<b>4,320</b>	<b>2.57</b>	<b>1.32</b>	<b>3.83</b>	<b>1,530</b>	<b>92.8</b>
<b>Indicated</b>	Getty	8,090	1.24	0.81	2.02	0	0
	Getty South	840	1.58	0.25	1.82	0	0
	Main	9,870	1.92	1.01	2.89	2,500	92.7
	North East	2,330	2.88	1.15	3.98	1,150	88.7
	<b>Total</b>	<b>21,130</b>	<b>1.75</b>	<b>0.92</b>	<b>2.64</b>	<b>3,650</b>	<b>91.4</b>
<b>Measured &amp; Indicated</b>	Getty	8,150	1.24	0.82	2.03	0	0
	Getty South	840	1.58	0.25	1.82	0	0
	Main	14,000	2.11	1.09	3.16	3,810	92.8
	North East	2,460	2.89	1.19	4.04	1,370	89.2
	<b>Total</b>	<b>25,450</b>	<b>1.89</b>	<b>0.99</b>	<b>2.84</b>	<b>5,180</b>	<b>91.8</b>
<b>Inferred</b>	Getty	950	1.35	0.54	1.87	0	0
	Getty South	770	1.53	0.25	1.77	0	0
	Main	2,980	1.49	0.79	2.25	250	92.2
	North East	310	2.01	0.74	2.72	540	90.7
	<b>Total</b>	<b>5,010</b>	<b>1.50</b>	<b>0.66</b>	<b>2.13</b>	<b>790</b>	<b>91.2</b>

Source: MineTech 2021

- *Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that any part of the Mineral Resources estimated will be converted into Mineral Reserves;*
- *Determination of reasonable prospects of eventual economic extraction was based on assumed prices for Zinc of US\$1.35/lb, and for Lead of US\$1.14/lb, a Zinc recovery of 86% and a Lead recovery of 93%, mining and processing costs varying by zone, and pit slopes of 45 degrees in rock and 22 degrees in overburden;*

- Near surface resources are reported based on a Zinc equivalent ("ZnEq") grade of 0.90% and a Gypsum grade of 80%. The ZnEq grade incorporates Zinc and Lead sales costs of US\$0.19/lb and US\$0.11/lb respectively, and a 2% royalty to the Government of Nova Scotia; and
- Numbers in the table have been rounded to reflect the accuracy of the estimate and may not sum due to rounding.

On 16<sup>th</sup> November 2021, the Company announced the results of an updated Preliminary Feasibility Study (the "2021 PFS") including its first NI 43-101 Mineral Reserve Estimate on its gypsum mineral resources. The 2021 PFS was prepared by MineTech International Limited. The 2021 PFS NI 43-101 Technical Report was filed on www.sedar.com under EDM's profile on 30<sup>th</sup> December 2021.

## **SUMMARY OF QUARTERLY RESULTS**

The selected financial information is derived from the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Amounts are expressed in thousands of Canadian dollars, except for loss per share, which is rounded to the nearest cent.

	<b>Sep 30 2023</b>	<b>Jun 30 2023</b>	<b>Mar 31 2023</b>	<b>Dec 31 2022</b>	<b>Sep 30 2022</b>	<b>Jun 30 2022</b>	<b>Mar 31 2022</b>	<b>Dec 31 2021</b>
Interest income	9	9	9	1	17	9	9	16
Loss for the period	(691)	(939)	(480)	(434)	(608)	(547)	(336)	(415)
Loss per share	(0.03)	(0.04)	(0.02)	(0.02)	(0.03)	(0.03)	(0.02)	(0.02)

## **RESULTS OF OPERATIONS**

### **Results of Operations for the Nine months Ended September 30, 2023, vs. Nine months ended September 30, 2022**

The Company reported a net loss of \$2,109,533 for the nine months ended September 30, 2023, compared to a loss of \$1,491,712 incurred during the comparative nine months ended September 30, 2022.

**EDM Resources Inc. (formerly ScoZinc Mining Ltd.)**  
**Management's Discussion and Analysis**  
**For the Nine Months Ended September 30, 2023**  
**Expressed in Canadian Dollars**  
**Dated: November 28, 2023**

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	Nine Months Ended			Discussion
	September 30, 2023	September 30, 2022	Variance	
Salaries and benefits	524,200	383,544	140,656	Increase in activity relating to planned mine startup
Office and general	160,314	231,116	(70,802)	Decrease in capitalization of E&E expenditure in 2023
Legal and accounting fees	92,739	264,609	(171,870)	Decrease in fees due to issues with 2021 Financials, change of Auditors & CFO
Investor relations	24,857	23,709	1,148	No material change
Amortization	3,089	15,621	(12,532)	Decrease due to disposal of vehicle
Consulting	289,656	393,031	(103,375)	Decrease due to reduced project work
Stock-based payments	121,313	151,942	(30,629)	Timing of Black-Scholes options accounting & grants
Regulatory fees	22,005	29,168	(7,163)	Decrease due to additional filings made in 2022
Accretion	316,363	33,633	282,730	Increase in decommissioning due to cleanup costs and discount rate
Financing costs	582,051	-	582,051	Increase in fees for unused portion of loan
Interest income	(27,054)	(34,661)	7,607	Decrease due to timing differences

**Results of Operations for the Three Months Ended September 30, 2023, vs. Three Months ended September 30, 2022**

The Company reported a net loss of \$691,050 for the three months ended September 30, 2023, compared to a loss of \$608,047 incurred during the comparative three months ended September 30, 2022.

	Three Months Ended			Discussion
	September 30, 2023	September 30, 2022	Variance	
Salaries and benefits	167,899	146,435	21,464	Increase in activity relating to planned mine startup
Office and general	44,460	94,971	(50,511)	Decrease in capitalization of E&E expenditure in 2023
Legal and accounting fees	3,450	88,203	(84,753)	Decrease in fees due to issues with 2021 Financials, change of Auditors & CFO
Investor relations	14,274	7,903	6,371	Increase due to creation of promotional video in 2023
Amortization	(10,949)	5,207	(16,156)	Decrease due to disposal of vehicle
Consulting	134,656	261,031	(126,375)	Decrease due to reduced project work
Stock-based payments	39,971	1	39,970	Timing of Black-Scholes options accounting & grants
Regulatory fees	5,021	9,722	(4,701)	Decrease due to additional filings made in 2022
Accretion	105,454	11,211	94,243	Increase in decommissioning due to cleanup costs and discount rate
Financing costs	195,831	-	195,831	Increase in fees for unused portion of loan
Interest income	(9,018)	(16,637)	7,619	Decrease due to timing differences

**LIQUIDITY AND CAPITAL RESOURCES**

The Company's significant assets consist of cash, property, plant and equipment, and exploration and evaluation assets associated with EDM's projects.

As at September 30, 2023, Company reported working capital deficit of \$(207,987) (December 31, 2022 – surplus of \$154,979). Working capital is defined as current assets minus current liabilities. Working capital calculations or changes are not measures of financial performance, nor do they have standardized meanings, under IFRS. Readers are cautioned that this calculation may differ among companies and analysts and therefore may not be directly comparable. Management believes that

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disclosure of the Company's working capital is of value to assess the available capital resources of the Company at a reporting period end.

The Company will require additional liquidity to execute its business plan. Additional liquidity will be required and is currently being considered. The timing and ability of the Company to meet future needs will depend on the liquidity of the financial markets as well as the acceptance of investors to finance resource-based junior companies. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders, and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate financing, the Company will be required to curtail operations, and development activities and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business. These factors indicate the existence of material uncertainties that may cast significant doubt on the ability of the Company to continue as a going concern, as disclosed in Note 1 of the Company's consolidated financial statements.

On May 9<sup>th</sup>, 2023, a total of 1,210,000 stock options were granted to certain directors, employees, and consultants of the Company at a strike price of C\$0.50 and expiring on May 9, 2028, subject to the Company's Stock Option Plan and the policies of the TSX Venture Exchange ("TSX.V").

On May 2<sup>nd</sup>, 2023, the Company closed a non-brokered hard dollar and flow-through private placement for aggregate gross proceeds of C\$2,036,100 (the "Offering"). The hard dollar component of the Offering consists in the private placement of 3,722,200 units ("HD Units") of the Company (the "Hard Dollar Offering"), at a price of C\$0.50 per HD Unit for gross proceeds of C\$1,886,100, each HD Unit consisting of one common share of the Company (each an "HD Share") and one share purchase warrant entitling the holder to purchase one common share of the Company (each an "HD Warrant Share") at a price of C\$0.75 for each HD Warrant Share, until May 2, 2026. The Company will use the net proceeds from the Hard Dollar Offering to advance geotechnical and environmental bonding work at its wholly owned Scotia Mine, located 60 km north of Halifax (the "Scotia Mine"), to pay deposits for critical long-lead time equipment required to commence mining operations at the Scotia Mine, and for general working capital purposes.

The flow-through component of the Offering consists in the private placement of 250,000 flow-through units ("FT Units") of the Company (the "Flow-Through Offering"), at a price of C\$0.60 per FT Unit, for gross proceeds of C\$150,000, with each FT Unit consisting of one common share of the Company (each an "FT Share") and one half of one share purchase warrant entitling the holder to purchase one common share of the Company (each an "FT Warrant Share") at a price of C\$0.75 for each FT Warrant Share, until May 2, 2026. The Company will use the gross proceeds from the Flow-Through Offering to conduct exploration work on its mineral properties qualifying as Canadian Exploration Expenditures, as such term is defined in the Income Tax Act (Canada).

Certain directors, officers, and other insiders of the Company (collectively the "Insiders") have acquired a total of 650,000 Units in the Offering. The participation of Insiders constitutes a "related party transaction", as such term is defined in Multilateral Instrument 61-101 - Protection of Minority Security

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Holders in Special Transactions and Companion ("MI 61-101"). The Company is relying on exemptions from the formal valuation and minority shareholder approval requirements provided under MI 61-101 on the basis that the participation by Insiders does not exceed 25% of the fair market value of the Company's market capitalization.

In connection with the Offering, the Company has paid C\$95,277 in cash compensation and issued 144,774 finder's warrants (the "Broker Warrants") to eligible finders for their assistance with the Offering. Each Broker Warrant is exercisable into a Common Share until May 2, 2026.

During 2022, 1,970,191 warrants were exercised for gross proceeds to the Company of \$985,095.50.

On October 5, 2021, the Company closed a private placement issuing 1,969,697 common shares at \$0.66 per share by way of a non-brokered private placement for a total purchase price of \$1,300,000. Cash costs of issue were \$27,250.

In September 2021, 977,000 \$0.55 warrants were exercised, resulting in proceeds to the Company of \$537,350.

In February 2021, 333,333 warrants with an exercise price of \$0.50 were exercised, resulting in proceeds to the Company of \$166,667.

On 29<sup>th</sup> May 2020, the Company closed a third and final tranche of a non-brokered private placement of units of the Company ("Units"), with previous tranches having been closed on 22<sup>nd</sup> April 2020 and 22<sup>nd</sup> May 2020. The aggregate gross proceeds of the private placement were \$1,150,000 based on the issuance of 3,833,333 Units at a price of \$0.30 per Unit. Each Unit consists of one common share of the Company and a common share purchase warrant (a "Warrant"). Each full Warrant is exercisable into a common share at a price of \$0.50 per common share for a period of twenty-four months from the date of issue.

In connection with the private placement the Company paid cash finder's fees of \$18,759 and issued 62,531 compensation warrants as share issue costs, with each compensation warrant having the same terms as the Warrants issued as part of a Unit.

Directors, officers, and other insiders of the Company subscribed 1,256,620 Units, for gross proceeds of \$376,986.

In May 2020, the Company benefitted from a \$40,000 Government of Canada Covid-19 "Canada Emergency Business Account" loan, administered by the Royal Bank of Canada. In January 2021, this loan was increased by \$20,000, or \$60,000 in aggregate. The proceeds of the loan are interest free until December 31, 2022, with a 25% balance forgiveness if repaid by that date. After December 31, 2022, the outstanding balance will accrue interest at 5% per annum and is due in full by December 31, 2025.

From time to time, the Company sells surplus or scrap equipment. During the year ended December 31, 2020, the Company realized \$186,802 in net proceeds of equipment sales.



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As of the date of this document, the Company's financial instruments consist of cash, amounts receivable, cash held for reclamation, accounts payable and accrued liabilities, a loan payable and amounts due to related parties.

## **RISK FACTORS**

The operations of the Company may require licenses and permits from various local, provincial, and federal 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 mineral exploration, development, or mining operations at its project.

Even if the Company's exploration and development programs are successful, factors beyond the control of the Company may affect the marketability of any minerals discovered. The prices of mineral have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic, and political trends, geopolitical conflicts, 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.

### **Risk Management Framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and while retaining ultimate responsibility for them, it has delegated the authority for designing policies and systems that ensure the effective execution of the objectives and policies to the Company's finance function.

(a) **Market Risk**

Market risk is the risk that changes in market prices will affect the fair value of future cash flows of a financial instrument. Market prices are comprised of three types of risk for the Company: currency risk, interest rate risk, and commodity price risk.

**Currency Risk**

Currency risk is the risk that fluctuation in exchange rates between the Canadian dollar or other foreign currencies will affect the Company's financial results. The Company's operations and financing activities are conducted primarily in Canadian dollars and as a result, it is not currently exposed to significant foreign currency risk. However, the Company may be exposed to currency risk in the future as the prices for the metals produced by the Company's Scotia Mine, which is currently in care-and-maintenance, are sold throughout the world based principally upon the United States dollar price. The appreciation of the Canadian dollar against the United States dollar may reduce the Company's future revenues relative to the costs at the Company's operations, making such operations less profitable. As a result, currency fluctuations may affect its future operations, operating results, and cash flows when the Scotia Mine is restarted.

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Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company is exposed to interest risk arising primarily from its cash held mainly in short-term interest-bearing accounts with Canadian chartered banks. The impact of a change in interest rates is not significant.

Commodity Price Risk

The success of the Company's Scotia Mine and its other prospects will be primarily dependent on the future price of zinc and lead. Metal prices have historically been subject to significant price fluctuation. No assurance may be given that metal prices will remain stable and significant reductions or volatility in metal prices may have an adverse effect on the Company's business, including the economic attractiveness of the Company's projects, the Company's ability to obtain financing and the amount of the Company's revenue or profit or loss. Significant price fluctuations over short periods of time may be generated by numerous factors beyond the control of the Company, including domestic and international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities, and increases or decreases in production due to improved mining and production methods. The Company does not currently have an operating mine and does not have any derivative commodity contracts or other commodity-based risks in respect of operations.

(b) Credit Risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. To minimize credit risk, cash is deposited in a Canadian chartered bank and may be redeemed on demand and cash held for reclamation is held by government authorities where credit risk is minimal. Amounts receivable primarily consists of GST/HST refunds amounting to \$25,635 from the Canadian government. The Company monitors the collectability of its amounts receivable and has not had difficulty collecting amounts receivable. Consequently, management considers credit risk to be minimal.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. The Company reviews its expenditure budgets against actual expenditures routinely to ensure there is sufficient working capital to discharge all financial obligations.

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## **OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements as of the date of this document.

## **DECOMMISSIONING LIABILITY**

The Company has estimated that the present value of future rehabilitation costs required to remediate the Scotia Mine facility based on its current state.

Although the ultimate amount of the rehabilitation liability is uncertain, the best estimate of these obligations is based on information currently available. Current significant closure and rehabilitation activities include dismantling and removing facilities, equipment removal and remediation of the mine site.

The total amount of estimated undiscounted cash flow required to settle the Company's estimated obligation as at September 30, 2023, was \$13,692,006 (December 31, 2022 – \$13,692,006). The calculation of present value of estimated future cash flows assumed a discount rate of 3.27% (2021 – 1.27%) and an inflation rate of 2.4% (2021 – 4.80%). Rehabilitation costs are estimated to be settled at various dates between 2029 and 2032.

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations as set out below.

The Company has agreed with the Province of Nova Scotia (Department of Natural Resources) to remediate the Scotia Mine facility to an agreed status at the end of the mining operations at the site; as a result the Company is required to make reclamation deposits in respect of this obligation. As at September 30, 2023, a \$2,999,136 (December 31, 2022 – \$2,973,711) cash bond, including accrued interest, is posted with the Province of Nova Scotia.

In addition, the Company has a reclamation bond with the Nova Scotia Department of Environment for \$197,335 (December 31, 2022 – \$195,705), including accrued interest, which is required to address the potential replacement of domestic water supplies that could potentially be downgraded by mining operations.

Nova Scotia Business Inc. ("NSBI") holds a reclamation bond in the amount of \$nil (2021 – \$nil), in relation to the land which the Company leases from the organization in Sheet Harbour. The Company terminated its lease during the year ended December 31, 2020, and during the nine months ended September 30, 2022, \$nil (December 31, 2022 – \$nil) in site remediation costs were incurred in addition to the amount of the bond for a total of \$nil (2022 – \$nil). NSBI has withheld the bond, pending determination of additional remediation costs which may be assessed to the Company, if any. The Company has disputed withholding the bond and the parties have commenced formal litigation procedures to resolve the matter. It is the Company's position that it has met if not exceeded its obligation.

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## **SHARE CAPITAL**

As at the date of this MD&A, the Company had the following securities issued and outstanding:

Common Shares	24,048,943	
Stock Options	2,140,000	Exercisable at a price between \$0.45 and \$0.75
Warrants	4,041,974	Nil

In addition to the above, 114,505 restricted stock units ("RSUs"), vesting between 15<sup>th</sup> August 2023 and 23<sup>rd</sup> February 2024, and are outstanding as of the date of this document.

## **DISCLOSURE CONTROLS AND PROCEDURES**

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that:

- (i) the consolidated financial statements do not contain any untrue statement of 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 is made, as of the date of and for the periods presented by the consolidated financial statements; and
- (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the consolidated financial statements.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

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Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION**

The Company's consolidated financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The consolidated financial statements were prepared by the Company's management in accordance with International Financial Reporting Standards. The consolidated financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the consolidated financial statements are presented fairly in all material respects.

## **CURRENT GLOBAL FINANCIAL CONDITIONS AND TRENDS**

Securities of mining and mineral exploration companies, including the common shares of the Company, have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of the Company is also significantly affected by short-term changes in base metals or other mineral prices and currency exchange fluctuation (CAD: USD). As of December 31, 2022, the global economy continues to be in a period of increased volatility, with significant inflationary pressures on most of the OECD economies, with ever tightening monetary policies across the advanced Western economies, coupled with corrections in most of the equity markets and trading multiples trending back towards mean. These developments appear to suggest that various recessions are expected throughout the western economies within 12 to 24 months. On the positive side, the 180 Covid-19 change and the full re-opening of the Chinese economy, represent positive news for most of the commodities including Zinc and Lead. In addition, since the US Fed monetary tightening appears to continue for a longer period than that of Bank of Canada, the USD continued to appreciate versus the CAD which results in improved economics for the Company's asset – the Scotia Mine (costs in CAD, revenues in USD), regardless of the upward inflationary push. Therefore, even with a cloudy outlook on the global economies, the prospects for the Scotia Mine and its expected early 2024 production restart are very optimistic.

## **POTENTIAL DILUTION**

The issue of common shares of the Company upon the exercise of stock options and/or the warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional options and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

## **DEPENDENCE ON KEY PERSONNEL**

The Company's business and operations are dependent on retaining the services of a small number of key personnel. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these people. The loss of one or more of these key people could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key people.

## **TRANSACTIONS WITH RELATED PARTIES**

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Except as noted, amounts with related parties are non-interest bearing, unsecured, payable on demand and have arisen from the provision of services and expense reimbursements described.

### **Key Management Personnel Compensation**

Management and key personnel compensation is as follows:

<b>Current Board of Directors, Officers and Key Management Personnel</b>	<b>Nine months Ended September 30, 2023</b>	<b>Nine months Ended September 30, 2022</b>
Rajesh Sharma – Director	\$63,266	-
Mark Billings – Director	\$40,241	-
Ashwath Mehra – Director	-	-
Mark Haywood – Chief Executive Officer	\$197,750	\$150,000
Kevin Farrell – Interim Chief Financial Officer	\$55,440	-
Simion Candrea – VP, Investor Relations	\$44,070	\$36,000
Christopher Hopkins – Former Chief Financial Officer	-	\$33,000
Robert Suttie – Former Chief Financial Officer	-	\$20,000
Share-based Compensation	\$78,776	\$151,942
<b>Totals</b>	<b>\$479,544</b>	<b>\$390,942</b>

During the nine months ended September 30, 2023, the Company incurred \$55,440 in services from Mr. Kevin Farrell, to act as Chief Financial Officer (“CFO”) of the Company.

As at September 30, 2023, amounts due to related parties totaled \$164,258 (December 31, 2022 – \$174,050) pertaining to amounts payable for key management remuneration, director's fees, and reimbursement of expenses paid on behalf of the Company.

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The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

## **PROPOSED TRANSACTIONS**

Other than the financing and offtake agreements currently being negotiated, there are no proposed other transactions as of the date of this document.

## **EVENTS OCCURRING AFTER THE REPORTING DATE**

There are no reportable events occurring after the reporting date which have not been disclosed herein.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Financial statements in conformity with IFRS require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period. Actual results may differ from those estimates. A full description of the Company's significant accounting policies may be found in Note 3 of the Company's December 31, 2022, audited consolidated financial statements. A summary of the Company's critical accounting estimates is set out below.

### ***Exploration and Evaluation Assets and Property, Plant and Equipment***

The Company reviews capitalized costs on its property interests on a periodic, or annual, basis and will determine whether any persuasive evidence exists that indicates impairment. In assessing impairment of exploration and evaluation properties, and associated property, plant and equipment, management makes certain assumptions about whether the capitalized costs are unlikely to be recovered in full from successful development or by sale.

### ***Decommissioning Liability***

The Company conducts its operations in compliance with applicable laws and regulations governing protection of the environment. Reclamation and remediation obligations arise throughout the life of the Scotia Mine. The Company estimates future reclamation costs based on the level of current activity and estimates of costs required to fulfill its future obligations.

### ***Share-based payments and Warrant Values***

The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of stock options granted to directors, officers and employees and to estimate the fair value of warrants issued in connection with private placements. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock

options. Any changes in these assumptions could have a material impact on the share-based payment calculation value.

## **FINANCIAL AND OTHER INSTRUMENTS**

The carrying values of cash, amounts receivable, cash held for reclamation, accounts payable and accrued liabilities, and amounts due to related parties approximate their fair value due to the short-term nature of these instruments, or in the case of reclamation deposits, the rate of interest being applied on the funds deposited.

Other than those described above, the Company does not own, hold, or have any material interest in, or liability associated with, any other financial instrument. For a full description of the Company's financial instruments, and policies utilized therein, please refer to Note 18 of the Company's December 31, 2022, audited consolidated financial statements.

## **DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Office and General expenses\* for the nine months ended September 30, 2023 and 2022 are comprised of the following:

	<b>2023</b>	<b>2022</b>
	<b>(\$)</b>	<b>(\$)</b>
Bank Charges	1,360	1,577
Computer and Information Technology	1,999	798
Insurance	14,798	11,911
Travel	9,459	9,937
Property Tax	20,451	21,342
Utilities	6,601	7,386
Repairs and Maintenance	13,593	4,230
General and Other	92,053	173,935
	<b>160,314</b>	<b>231,116</b>

*\*See narrative on page 13*

## **ADDITIONAL INFORMATION**

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



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## **FORWARD LOOKING STATEMENTS**

*This MD&A contains forward-looking statements within the meaning of Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the closing of the Transaction, the future price of metals, the estimation of Mineral Reserves and Resources, the realization of Mineral Reserve and Resource estimates, the timing and amount of estimated future production, costs of production and capital expenditures, costs and timing of the development of deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, the possibility of title disputes or claims, limitations on insurance coverage, and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans," "expects" or "does not expect," "is expected," "budget," "scheduled," "estimates," "forecasts," "intends," "anticipates" or "does not anticipate," or "believes," or variations of such words and phrases or statements that certain actions, events or results "may," "could," "would," "might" or "will be taken," "occur" or "be achieved."*

*Forward-looking statements and other information contained in this MD&A concerning the mining industry and our general expectations concerning the mining industry are based on estimates prepared by us using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which we believe to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While we are not aware of any misstatements regarding any industry data presented in this MD&A, the mining industry involves risks and uncertainties and is subject to change based on various factors. Forward-looking information is based on the reasonable assumptions, estimates, analysis, and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. We believe that the assumptions and expectations reflected in such forward-looking information are reasonable. Assumptions have been made regarding, among other things, our ability to carry on exploration and development activities, the timely receipt of required approvals, the price of zinc, lead and other metals, our ability to operate in a safe, efficient, and effective manner and our ability to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions that may have been used.*

*Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to operations; risks associated with current exploration and development activities; uncertainties associated with conclusions of economic evaluations; changes in project parameters as plans continue to be refined; assumptions related to the future prices of metals; possible variations in Mineral Reserves or Mineral Resources, the grade of contained metals or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; and risks related to joint venture operations. Although we have attempted to identify important factors that could affect us and may cause actual actions, events, or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or*

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*intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this MD&A to reflect the occurrence of unanticipated events save and except as required by applicable securities laws.*