RHYOLITE RESOURCES

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2022 and 2021

BACKGROUND

This management discussion and analysis ("MD&A") of financial position and results of operations of Rhyolite Resources Ltd. ("Rhyolite" or the "Company") is prepared as of August 17, 2022 and should be read in conjunction with the Company's condensed consolidated interim financial statements for the three and six months ended June 30, 2022, the audited consolidated financial statements for the year ended December 31, 2021 and the MD&A for the year ended December 31, 2021.

The unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2022, and comparative information presented therein, have been prepared in accordance with International Financial Reporting Standard ("IFRS") and with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB").

All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A includes "forward-looking statements" and "forward-looking information" within the meaning of Canadian securities legislation. All statements included in this MD&A, other than statements of historical fact, are forward-looking statements. When used in this MD&A, words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "forecast", "predict", "foresee" and other similar terminology, or sentences/statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance. These statements reflect Rhyolite's current expectations regarding future events, performance, and results, and are accurate only at the time of this MD&A and may be superseded by more current information.

Forward-looking statements also involve known and unknown risks, uncertainties, and other factors, which may cause the actual results, performance or achievements of Rhyolite or its mineral projects to be materially different from any future results, performance or achievements expressed or implied by such forward- looking statements or information.

In making such statements, Rhyolite has made assumptions regarding, among other things: general business and economic conditions; the availability of additional exploration and mineral project financing; the supply and demand for, inventories of, and the level and volatility of the prices of metals; relationships with strategic partners; changes in regulations; political factors; the accuracy of the Company's interpretation of exploration results; the geology, grade and continuity of the Company's mineral deposits; the availability of equipment, skilled labour and services needed for the exploration and development of mineral properties; the exploitation and development of the Company's Muckahi Mining System; currency fluctuations; and impact of the COVID-19 pandemic.

Although the forward-looking statements or information contained in this MD&A are based upon what management of Rhyolite believes are reasonable assumptions, Rhyolite cannot assure investors that actual results will be consistent with these forward-looking statements. They should not be read as guarantees of future performance or results. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to: the factors discussed below and under "Risks and Uncertainties"; unanticipated changes in general business and economic conditions or conditions in the financial markets; fluctuations in the price of metals; stock market volatility; the availability of exploration capital and financing generally; changes in national and local government legislation; changes to taxation; changes in interest or currency exchange rates; loss of key personnel; inaccurate geological assumptions; actual exploration results, interpretation of metallurgical characteristics of the mineralization, changes in project parameters as plans continue to be refined, future metal prices; the ability to identify projects suitable for deployment and implementation of the Muckahi Mining System; competition; unavailability of materials and equipment; government action or delays in the receipt of permits or government approvals; industrial disturbances; and unanticipated events related to health, safety and environmental matters, including unknown impacts related to potential business disruptions stemming from the COVID-19 pandemic or another infectious illness.

Forward-looking information is designed to help readers understand management's current views of the Company's near and longer-term prospects, and it may not be appropriate for other purposes. Rhyolite will not update any forward-looking statements or forward-looking information unless required to by applicable securities laws.

The forward-looking statements contained herein are based on information available and are made as of August 17, 2022.

COMPANY OVERVIEW

The Company's strategy is to become a vertically integrated mining company focused on the development of mining assets amenable to the innovative Muckahi Mining System ("Muckahi" or "MMS").

The Company is also advancing two gold exploration projects, the Brothers and Suku Passi projects (including both the Suku Passi and Bob's concessions), in Suriname through joint venture earn-in agreements. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "RYE".

MUCKAHI MINING SYSTEM UPDATE

Muckahi is a roof mounted, monorail-based transport system that facilitates significant paradigm shifts in how underground hard rock mines are designed. These design changes are expected to deliver a material reduction in mining capital and operating expenditures, as well as carbon emissions.

The system is not yet implemented in an operating mine. Through this quarter we continued to aggressively advance toward that goal. The primary areas of advance are:

Equipment design – MMS uses trains that operate on a roof mounted monorail track. The system was tested underground using off-the-shelf train equipment from the European coal industry. That equipment could perform the needed functions, but not fast enough to meet the needs of a hard rock metal mine. Rhyolite has designed a new train that is faster, stronger, and all electric for zero emission transport. In the quarter, that design work advanced to the point that orders were placed for long lead time components. In the third quarter of 2022, the remaining detailed designs are expected to be completed, with manufacturing of the first two trains starting shortly thereafter.

Equipment manufacturing – The Company has done the equipment design and intends to leverage that engineering by manufacturing our own equipment to capture the OEM margins, which can run to 40% of the purchase price. The manufacturing process has been designed and will be fine-tuned through the assembly of the first two trains in the engineering company's shop. Once the manufacturing process is finalized, we will design the building to house it.

Mine design standards – We have been developing standard mine design approaches that take advantage of the unique design features that monorail-based transport provides for. During the quarter, Rhyolite tested these design standards on deposits owned by others. The results were very encouraging and validated the expectations for materially reduced capital and operating expenditures. The reductions in carbon emissions were a given since we use all electric equipment. These designs on external deposits are contributing to the effort to acquire that first deposit for subsequent mine building with the system.

Task procedures – Mining tasks using monorail-based equipment are different than the task procedures with conventional rubber-tired equipment. Rhyolite has been proactively developing those monorail-based procedures and intends to have a full suite ready when the first deposit is acquired and mine building commences. These procedures will be integral to the miner training processes.

People systems – The Company intends to create a work experience that results in team members willingly giving their best. Such a work experience will draw on several people systems, including recruitment, selection, defining role accountabilities with appropriate authorities, training, incentives, performance review, shift scheduling, safety, discipline, etc. We have the opportunity to create an integrated suite of systems that work together to help create a positive work experience. The design of these systems is underway with an internal team.

Finance – Work is underway to determine financing options to minimize shareholder dilution when it comes time to finance our first mine build. In parallel, relationships with potential financial partners are being established.

With this foundation work underway, Rhyolite is in discussion with several deposit owners that have a deposit of interest to the Company. The rate of inbound inquires is increasing. Management engages with all that inquire, particularly in more depth with those prospects that have a high probability of being actionable.

JOINT VENTURE EXPLORATION PROJECTS UPDATE

At the Brothers Project, the Company completed its inaugural 3,000-metre diamond core drilling program in the beginning of 2022. The campaign has identified a gold mineralized shear zone 3.5 km in length. The shear zone is open on strike at both ends and is open down dip. Highlight assay results include 10 metres (m) of 1.8 g/t gold (Au) in hole BRDD-001, 6m of 4.6 g/t Au in hole BRDD-004, 8m of 2.4 g/t Au in hole BRDD-009, 1m of 20.5 g/t Au in hole BRDD-013 (for more details, please refer to the Company's May 16, 2022 press release on www.sedar.com).

These initial holes were drilled to test for gold mineralization at shallow depths. The team is using the geological and structural understandings that were enhanced by this drill program, as well as additional geophysics and geochemical work to refine the targeting for the next drilling campaign at the Brothers Project.

While the targeting work is ongoing at the Brothers Project, an inaugural diamond drilling campaign is scheduled to commence at the Suku Passi Project in the fourth quarter of 2022.

The technical information in this MD&A pertaining to Brothers and Suku Passi has been reviewed, verified, and approved by Dr. Dennis LaPoint, PhD who is a Qualified Person (QP) under National Instrument 43-101 "Standards of Disclosure for Mineral Projects". Dr. LaPoint is not considered to be independent for the purposes of National Instrument 43-101.

SELECTED QUARTERLY INFORMATION

The following table provides information for the eight fiscal quarters ended June 30, 2022:

	June 30, 2022	**March 31, 2022**	**December 31, 2021**	**September 30, 2021**
Corporate expenses	$ 2,181,341	$ 1,993,509	$ 1,950,310	$ 1,624,482
Share of loss in joint ventures	99,328	177,983	145,062	69,570
Net loss	2,280,669	2,171,492	2,095,372	1,694,052
Loss per share - basic and diluted	0.02	0.02	0.04	0.02
Total assets	25,931,483	27,662,878	28,281,992	12,091,001
Total liabilities	682,566	1,100,562	574,465	289,787
Shareholders' equity	25,248,917	26,562,316	27,707,527	11,801,214

	June 30, 2021	**March 31, 2021**	**December 31, 2020[(1)]**	**September 30, 2020[(1)]**
(Gain) loss on derivative instrument	$ -	$ (630,000)	$ 4,663,970	$ -
Corporate expenses	328,450	372,021	251,945	11,876
Share of loss in joint ventures	12,561	-	-	-
Net (Income) loss	341,011	(257,979)	4,925,327	11,876
(Income) loss per share - basic and diluted	0.00	(0.00)	0.08	0.00
Total assets	12,426,521	13,371,022	9,943,515	2,565,509
Total liabilities	137,990	756,480	74,452	13,745
Shareholders' equity	12,288,531	12,614,542	9,869,063	2,551,764

(1) During the period ended December 31, 2020, the Company changed its accounting policy from capitalizing exploration and evaluation acquisition costs to expensing such costs in the period the costs are incurred. The Company has applied the change in accounting policy on a retrospective basis and has therefore revised its prior period comparatives.

The changes in the Company's financial results on a quarter-by-quarter basis are primarily due to fluctuations in the level of activity of the Company's exploration and evaluation programs, project acquisitions, and administration. The Company is a mineral exploration and development company and does not currently generate operating revenue.

(Gain)/ Loss on derivative instrument

In March 2021, the Company acquired 2765798 Ontario Ltd. (ONCorp) for the options to earn up to a 70% interest in the Suku Passi Project which includes both the Suku Passi and the Bob's Pit concession in Suriname. Gain on derivative instrument for the quarter ended March 31, 2021, represents the change in value of the 3,500,000 shares issued to acquire ONCorp. When the Company became a party to the share purchase agreement on March 21, 2021, the Company's shares were valued at $0.88 per share. When the Company issued the shares on March 31, 2021, upon closing of the Suku Passi Transaction, the Company's shares were valued at $0.70 per share. The change in value was recognized as gain on derivative instrument for the period.

The Company completed a similar transaction in the fourth quarter of 2020 to acquire the earn-in option to the Brothers Project in Suriname. Loss on derivative instrument for the quarter ended December 31, 2020 represents the change in value of the 15,546,566 shares issued to acquire 2777662 Ontario Ltd. When the Company became a party to the share purchase agreement on October 13, 2020, the Company's shares were valued at $0.20 per share. When the Company issued the shares on October 30, 2020, upon closing of the Brothers Transaction, the Company's shares were valued at $0.50 per share. The change in value was recognized as loss on derivative instrument for the period.

Corporate expenses

Corporate expenses fluctuate based on corporate activity. Prior to the acquisition of 2777662 Ontario Ltd. in October 2020, the Company was in care and maintenance state with minimal corporate and exploration activities. Since fourth quarter 2020, the Company's corporate administrative costs increased commensurate with the increased activities during the periods with the Brothers Transaction, the Suku Passi Transaction, and the Muckahi Transaction.

The increase in the four most recent quarters is mainly due to higher share-based payment associated with the escrow shares issued in the Muckahi Transaction, higher salaries and benefits from increased headcounts, higher office expenses associated with the new Toronto office lease and set up and higher consulting fees related to project acquisition, recruitment and Muckahi engineering.

Total assets, equity, and liabilities

The fluctuations in total assets and shareholders' equity generally reflect the timing and receipt of equity financing which increased cash resources in certain periods, while continued funding of the Company's operations decreased cash resources.

The increase in total assets and shareholders' equity since the quarter ended December 31, 2020 is mainly due to the acquisition of 2777662 Ontario Ltd., 2765798 Ontario Ltd., and the December 2021 private placement where the Company raised $18,080,880.

During the first quarter of 2022, the Company recognized a right of use asset and lease liability for the Toronto office lease, resulting in an increase in total assets and total liabilities. The increase in asset was offset by the use of cash to fund corporate expenses which decreased total asset and shareholders' equity during the periods.

The investments in the Brothers Project and Suku Passi Project are accounted for using the equity method. Under the equity method, the investment in joint ventures is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the investee after the date of acquisition. For the Brothers Project, the Company earned its initial 20% ownership in April 2021 and an additional 20% in April 2022. As at June 30, 2022, the Company has earned 40% ownership in the Brothers Project. As at June 30, 2022, the Company has accumulated the following costs for its equity-accounted-investees:

	Brothers Project	Suku Passi Project	Total
Balance - December 31, 2021	$ 4,655,765	$ 4,372,722	$ 9,028,487
Earn-in payments	-	692,615	692,615
Earn-in expenditures	837,676	568,160	1,405,836
Earn-in shares issued	-	62,965	62,965
Share of loss in joint venture	(177,983)	-	(177,983)
Balance - March 31, 2022	$ 5,315,458	$ 5,696,462	$ 11,011,920
Earn-in payments	378,510	-	378,510
Earn-in expenditures	243,642	265,173	508,815
Share of loss in joint venture	(99,328)	-	(99,328)
Balance - June 30, 2022	**$ 5,838,282**	**$ 5,961,635**	**$ 11,799,917**

Earn-in payments represent cash payments made to the concession holders based on the schedule set out in the joint venture agreements. Earn-in expenditures represent exploration expenditures the Company incurred to fulfil its funding requirement based on the joint venture agreements. Earn-in shares issued represent shares issued to the concession holders based on the schedule set out in the joint venture agreements. Earn-in payments, earn-in expenditures and value of earn-in shares issued are added to the investment cost base as they are incurred.

Total liabilities mainly represent the Toronto office lease liability and the Company's trade payables. The trade payables balance increased for the quarter ended March 31, 2021 due to the accrual of US$500,000 owing to the Vendors of the Suku Passi Project accrued upon closing of the Suku Passi Transaction on March 31, 2021. The amount was subsequently paid in the second quarter of 2021. The increase in balance for the quarter ended March 31, 2022 is mainly due to higher volume of invoices accumulated at the end of the period and the addition of lease liability starting from January 1, 2022. The accounts payable balance fluctuates depending on the Company's payment cycle

RESULTS OF OPERATIONS

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Operating expenses				
Office administration and facilities	**$ -**	$ 37,500	**$ -**	$ 70,000
Compliance and regulatory	**12,899**	10,614	**27,755**	36,252
Professional fees	**71,358**	145,271	**99,065**	164,651
Consulting fees	**339,659**	50,361	**674,577**	271,969
Insurance	**12,261**	8,512	**21,767**	11,350
Salaries and benefits	**651,212**	66,346	**1,170,813**	121,120
Shared-based payment	**967,270**	-	**1,930,586**	-
General and administrative	**108,532**	4,255	**199,030**	8,759
Investor relations	**6,655**	2,999	**10,625**	7,272
Depreciation of property, plant and equipment	**6,943**	532	**12,260**	532
Depreciation of right of use asset	**14,561**	-	**29,122**	-
	2,191,350	326,390	**4,175,600**	691,905
Other expense (income)				
Gain on derivative instrument	**-**	-	**-**	(630,000)
Foreign exchange loss	**13,434**	5,078	**30,144**	12,486
Interest cost on lease liability	**6,939**	-	**14,135**	-
Interest income	**(30,382)**	(3,018)	**(45,029)**	(3,920)
Share of loss in joint ventures	**99,328**	12,561	**277,311**	12,561
Loss and comprehensive loss for the period	**$ 2,280,669**	$ 341,011	**$ 4,452,161**	$ 83,032

Operating expenses increased for the three and six months ended June 30, 2022 compared to the same periods in 2021 due to increased corporate activities since the acquisition of Muckahi Inc.

Second Quarter Results – Three months ended June 30, 2022 ("Q2 2022") compared to the three months ended June 30, 2021 ("Q2 2021")

Consulting fees

Consulting fees include engineering and other advisory services costs. The increase in Q2 2022 compared to Q2 2021 is primarily due to Muckahi engineering costs of $291,240 in Q2 2022.

Salaries and benefits

The increase in salaries and benefits in Q2 2022 compared to Q2 2021 represent the addition of full-time employees at the corporate level to meet the increased corporate activities. In Q2 2021, the Company had minimal full-time staff as most of the corporate services were outsourced.

Share-based payment

In Q2 2022, the Company recognized $971,290 in share-based compensation from Escrow Shares issued to Mr. Stanford in connection with the Muckahi Transaction in accordance with IFRS 2*, Share-based payment* and the vesting condition. There was no such transaction in Q2 2021.

General and administrative

General and administrative includes office administration, travel, and information technology costs. The increase of $104,277 in Q2 2022 compared Q2 2021 is primarily due to costs associated with new office in Toronto and an increase in business travel due to increased activities in Q2 2022.

Share of loss in joint ventures

The Company earned its 20% ownership in the Brothers joint venture project in April 2021 and an additional 20% in April 2022. The investment in joint venture has been accounted for using the equity method; therefore, the Company recognized its share of Brothers' loss in the Company's Statement of Loss and Comprehensive Loss during the period. Brothers Q2 2022 loss is higher than Q2 2021 due to higher activity levels in Q2 2022.

Year-to-Date Results – Six months ended June 30, 2022 ("YTD 2022") compared to the six months ended June 30, 2021 ("YTD 2021")

Consulting fees

The increase in YTD 2022 by $402,608 compared to YTD 2021 is primarily due to Muckahi engineering costs of $541,781 and an increase in other advisory services corresponding to the increased corporate activities in YTD 2022; partially offset by one-time financial advisory fees of $180,000 pertaining to acquisition of Suku Passi Project in YTD 2021.

Salaries and benefits

The increase in salaries and benefits in YTD 2022 compared to YTD 2021 represent the addition of full-time employees at the corporate level to meet the increased corporate activities. In YTD 2021, the Company had minimal full-time staff as most of the corporate services were outsourced.

Share-based payment

In YTD 2022, the Company recognized $1,931,906 in share-based compensation from Escrow Shares issued to Mr. Stanford in connection with the Muckahi Transaction in accordance with IFRS 2*, Share-based payment* and the vesting condition. There was no such transaction in YTD 2021.

General and administrative

General and administrative includes office administration, travel, and information technology costs. The increase of $190,271 in YTD 2022 compared with YTD 2021 is primarily due to costs associated with setting up a new office in Toronto, higher IT costs due to software subscription and an increase in business travel due to increased activities in YTD 2022.

Gain on derivative instrument

Gain on derivative instrument for YTD 2021 represents the change in value of the 3,500,000 Rhyolite shares issued to acquire 2765798 Ontario Ltd. in March 2021. When the Company became a party to the share purchase agreement on March 21, 2021, the Company's shares were valued at $0.88 per share. When the Company issued the shares on March 31, 2021 upon closing of the Suku Passi Transaction, the Company's shares were valued at $0.70 per share. The change in value was recognized as gain on derivative instrument for the period. In YTD 2022, no such transaction occurred.

Share of loss in joint ventures

The Company earned its 20% ownership in the Brothers joint venture project in April 2021 and an additional 20% in April 2022. The investment in joint venture has been accounted for using the equity method; therefore, the Company recognized its share of Brothers' YTD loss in the Company's Statement of Loss and Comprehensive Loss during the period. Brothers YTD 2022 loss is higher than YTD 2021 due to higher activity levels in YTD 2022.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2022, the Company had consolidated cash of approximately $13.6 million (December 31, 2021 - $19.1 million) to apply against short-term business requirements and current liabilities of $457,887 (December 31, 2021 - $574,465).

The Company is developing the Muckahi Mining System ("Muckahi") and plans to identify a suitable project for the application of Muckahi. The Company also continues to fund its commitments under the joint venture agreements, which extend beyond the end of Q2 2023. The Company will require additional financing in order to fund its operations, meet its planned investment in Muckahi and meet the cash payment and exploration expenditure commitments under the joint venture agreements.

Continuance as a going concern is dependent upon the Company's ability to obtain adequate equity or debt financing, or, alternatively, dispose of its non- core properties on an advantageous basis, among other things. In 2020 and 2021, the Company was successful in raising funds through equity offerings. While the Company has been successful in the past in obtaining financing for its operations, there is no assurance that it will be able to obtain adequate financing in the future, and as a result, a material uncertainty exists that casts significant doubt about the Company's ability to continue as a going concern.

In addition, the spread of COVID-19 globally has caused and continues to cause considerable disruptions to the world economy, including financial markets and commodity prices and could adversely impact the Company's ability to carry out plans to obtain additional financing. Although the Company did not experience any significant operational delays during Q2 2022, there are still some challenges related to supply chain disruption and safeguarding all personnel during the pandemic. In Q2 2022, the Company was able to complete the committed exploration activities and make payment to concession owners in accordance with joint venture agreements.

RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include certain directors and officers. For the three and six months ended June 30, 2022 and 2021, key management compensation comprises:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Earlston	**$ -**	$ 37,500	**$ -**	$ 70,000
Salaries and benefits	**267,500**	50,000	**535,000**	100,000
Share-based payment	**971,290**	-	**1,931,906**	-
Total	**$ 1,238,790**	$ 87,500	**$2,466,906**	$ 170,000

On September 8, 2021, Mr. Stanford was appointed as Chief Executive Officer concurrent with the acquisition of Muckahi Inc. As part of the Muckahi Transaction Mr. Stanford received 9.5 million common shares of Rhyolite in consideration, of which 1.0 million common shares were delivered to Mr. Stanford upon closing of the Muckahi Transaction, and the remaining 8.5 million common shares were deposited in escrow to be released to Mr. Stanford in tranches over a four-year period conditional upon Mr. Stanford remaining involved with the Company in any capacity other than as a shareholder as at each anniversary date. During the period, the Company recognized $971,290 as share-based payment related to the shares issued to Mr. Stanford in the Muckahi Transaction.

CAPITAL MANAGEMENT

The Company defines its capital as its shareholders' equity. It manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company plans to develop the Muckahi Mining System and to identify a suitable project for the application of Muckahi. The Company also continues to fund its commitments under the joint venture agreements, which extend beyond Q2 2023. The Company will require additional financing in order to fund its operations, meet its planned investment in Muckahi and meet the cash payment and exploration expenditure commitments under the joint venture agreements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's investment policy is to hold cash in interest-bearing bank accounts or highly liquid short-term interest-bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. There have been no changes to the Company's approach to capital management during the period ended June 30, 2022.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at June 30, 2022, the Company's financial instruments comprise cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities. Fair values of financial instruments measured at fair value through profit or loss are classified in a fair value hierarchy based on the inputs used to determine fair values. As of June 30, 2022 and 2021, the fair values of the Company's financial instruments approximate their carrying values due to their short-term maturity.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 116,685,253 common shares and 10,000 stock options outstanding.

OFF-BALANCE SHEET ARRANGEMENTS

During the period ended June 30, 2022, the Company was not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations, financial condition, capital expenditures, liquidity or capital resources of the Company.

PROPOSED TRANSACTIONS

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

USE OF ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

All of the Company's significant accounting policies and estimates are included in Note 3 and 4 of its audited consolidated financial statements for the year ended December 31, 2021.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Standards, amendments and interpretations issued but not yet applied

Certain new accounting standards were not yet effective for the three and six months ended June 30, 2022 and have not been applied in preparing these consolidated interim financial statements.

The following amendments to existing standards are effective for annual periods beginning on or after January 1, 2023. Management has assessed the financial statement impact of adopting the following standards and have determined that the impact is immaterial.

(a) Amendment to IAS 12 *Income taxes*: The amendment narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences such as deferred taxes on leases and decommissioning obligations.

(b) Amendment to IAS 1 *Presentation of Financial Statements*: The narrow-scope amendments to IAS 1 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

(c) Amendments to IAS 1 *Presentation of Financial Statements* and an update to IFRS Practice Statement 2 *Making Materiality Judgements* to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

(d) Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

OTHER DATA

Additional information related to the Company is available for viewing under the Company's profile at www.sedar.com.

CORPORATE GOVERNANCE

The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Audit Committee of the Company fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited annual financial statements prior to their submission to the Board of Directors for approval. The Audit Committee, comprised of three directors, all of whom are independent, meets with management of the Company on a quarterly basis to review the financial statements, including the MD&A, and to discuss other financial, operating and internal control matters as required.

RISKS AND UNCERTAINTIES

The Company is engaged in mineral exploration activities and development and deployment of the Muckahi Mining System which, by nature, are speculative. Due to the high-risk nature of the Company's business and the present stage of the Company's various projects, an investment in the Company's common shares should be considered a highly speculative investment that involves significant financial risks, and prospective investors should carefully consider all of the information disclosed in this MD&A and the Company's other public disclosures, including the risks disclosed in the "Risks and Uncertainties" section of the Company's MD&A for the year ended December 31, 2021, prior to making any investment in the Company's common shares. The risks disclosed in the "Risks and Uncertainties" section of the Company's MD&A for the year ended December 31, 2021 do not necessarily comprise all of the risks faced by the Company. Additional risks not currently known to the Company, or that the Company currently considers immaterial, may also adversely affect the Company's business, result of operations, financial results, prospects and price of common shares.