

# **Yorkton Ventures Inc.**

Management's Discussion and Analysis

Year Ended June 30, 2021

(Stated in Canadian Dollars)

Report Date – October 28, 2021

## **Introduction**

The following Management's Discussion and Analysis ("MD&A") of the results of operations and financial condition should be read in conjunction with the audited annual financial statements for the year ended June 30, 2021 and related notes attached thereto of Yorkton Ventures Inc. (the "Company"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on a going concern basis. Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars which is the functional currency of the Company.

This MD&A may contain forward-looking statements relating to the operations or to the environment in which we operate, which are based on the Company's operations, forecasts, and projections. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions, and actual results may differ materially from those anticipated in these forward-looking statements.

## **Company Overview**

Yorkton Ventures Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on August 30, 2006 as Brookbank Mining Corp., and changed its name to Yorkton Ventures Inc. on October 9, 2009. The Company is listed on the TSX Venture Exchange (the "Exchange") under the trading symbol YVI. The Company's registered office is located at 20<sup>th</sup> Floor - 250 Howe Street, Vancouver, BC, V6C 2R8.

The Company's principal business activities are the exploration and evaluation of resource properties in Canada. The Company is in the process of exploring its resource properties, but it has not yet determined whether these properties contain ore reserves that are economically recoverable. In July 2020, the Company entered into a definitive asset acquisition agreement wherein it can acquire a 100% ownership interest in the Bellechasse-Timmins property (the "Bellechasse Property") in exchange for staged cash payments totaling \$1,700,000. (Refer to the Bellechasse-Timmins Property)

## **Bellechasse-Timmins Property**

On July 3, 2020, as amended on January 27, 2021 and September 24, 2021, the Company entered into a definitive asset acquisition agreement wherein it can acquire a 100% ownership interest in the Bellechasse Property located in Quebec. The terms of acquisition are as follows:

- Pay \$100,000 within 10 days of signing of a definitive agreement (paid);
- Pay \$250,000 within 90 days after signing of a definitive agreement (paid);
- Pay \$350,000 within 180 days after signing of a definitive agreement (paid);
- Pay \$200,000 by August 1, 2021; (paid)
- Pay \$400,000 by September 24, 2021 (paid); and
- Pay \$400,000 by March 1, 2022.
- 1% NSR on any and all commercial production, however 0.5% may be repurchased at anytime for \$1,000,000.

## Results of Operations

During the year ended June 30, 2021 (the “Current Year”), the Company reported a net loss of \$221,146 (2020 – \$199,895). The Company had no operating revenue during the Current Year, and expenses primarily consisted of professional fees and consulting expenses. The loss in the Current Year was 11% higher than the prior year due to increased consulting fees.

## Liquidity

The Company’s cash position decreased from \$691,446 at June 30, 2020 to \$345,533 at June 30, 2021. In addition, working capital has decreased from \$869,369 at June 30, 2020 down to \$344,298 at June 30, 2021. Both metrics declined due to normal cash outflow from operations as well as exploration expenditures. However, the decline was partially reduced as a result of a non-brokered private placement that was completed in July 2020 for aggregate proceeds of \$405,000. The Company will require additional capital to meet its operational and property agreement requirements. There is no guarantee that such funding will be available or on terms acceptable to the Company.

However, in October 2021 the Company announced a non-brokered private placement wherein it can issue up to 2,857,143 units at \$0.35 per unit for aggregate proceeds of \$1,000,000. Each unit will consist of a common share a common share purchase warrant entitling the holder to acquire an additional common share at \$0.50 for a period of 18 months from the date of closing, subject to acceleration provision. As at the Report Date, the Company had received \$350,000 in subscriptions in connection with the private placement.

## Summary of Quarterly Results

The following is a summary of the Company’s financial results for the eight most recently completed quarters:

	<b>June 30, 2021 (\$)</b>	<b>March 31, 2021 (\$)</b>	<b>December 31, 2020 (\$)</b>	<b>September 30, 2020 (\$)</b>
<b>Revenue</b>	–	–	–	–
<b>Net loss for the period</b>	(79,016)	(65,265)	(66,541)	(10,324)
<b>Basic and diluted earnings (loss) per share</b>	(0.00)	(0.00)	(0.00)	(0.00)
	<b>June 30, 2020 (\$)</b>	<b>March 31, 2020 (\$)</b>	<b>December 31, 2019 (\$)</b>	<b>September 30, 2019 (\$)</b>
<b>Revenue</b>	–	–	–	–
<b>Net loss for the period</b>	(173,065)	(14,570)	(9,733)	(2,527)
<b>Basic and diluted earnings (loss) per share</b>	(0.02)	(0.00)	(0.00)	(0.00)

### Selected Annual Financial Information

The following table sets forth selected audited financial information of the Company from the last three completed financial years ended June 30:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
	(\$)	(\$)	(\$)
<b>Total revenue</b>	–	–	–
<b>Net loss for the year</b>	(221,146)	(201,485)	(69,728)
<b>Basic and diluted loss per share</b>	(0.01)	(0.02)	(0.01)
<b>Total assets</b>	1,049,843	885,220	1,092,575
<b>Total non-current financial liabilities</b>	–	–	–

### Proposed Transactions

As at the Report Date, there are no proposed transactions.

### Events Subsequent to June 30, 2021

(a) On July 12, 2021, the Company entered into an option agreement (“Parkview Agreement”) wherein it can acquire a 100% interest in certain mineral claims (the “Parkview Claims”) located in Newfoundland, Canada. To acquire the 100% interest, the Company is to make the following cash and share payments:

- Cash payment of \$50,000 and the issuance of 400,000 shares on TSX-V approval;
- Cash payment of \$50,000 and issuance of 300,000 shares on or before 14 months following TSX-V approval;
- Cash payment of \$50,000 and issuance of 400,000 shares on or before the second-anniversary of TSX-V approval; and
- Cash payment of \$50,000 and issuance of 600,000 shares on or before third-year anniversary of TSX-V approval.

Upon acquiring a 100% interest, the Company will grant the vendors a 2% NSR, of which half can be repurchased for \$1,000,000. Furthermore, the Company will commence advance royalty payments of \$25,000 beginning after July 12, 2026 until the earlier of the date that the Company begins commercial production or makes a buyout payment to the vendor.

- (b) On July 12, 2021, the Company entered into an option agreement (“Knights Melange Agreement”) wherein it can acquire a 100% interest in certain mineral claims (the “Knights Melange Claims”) located in Newfoundland, Canada. To acquire the 100% interest, the Company is to make the following cash and share payments:
- Cash payment of \$70,000 and the issuance of 600,000 shares on TSX-V approval;
  - Cash payment of \$50,000 and issuance of 400,000 shares on or before 14 months following TSX-V approval;
  - Cash payment of \$50,000 and issuance of 400,000 shares on or before the second-anniversary of TSX-V approval; and
  - Cash payment of \$50,000 and issuance of 400,000 shares on or before third-year anniversary of TSX-V approval.

Upon acquiring a 100% interest, the Company will grant the vendors a 2% NSR royalty, of which half can be repurchased for \$1,000,000. Furthermore, the Company will commence advance royalty payments of \$25,000 beginning after July 12, 2026 until the earlier of the date that the Company begins commercial production or makes a buyout payment to the vendor.

- (c) On September 8, 2021, the Company entered into an agreement with a consultant who will assist the Company with identifying potential mineral exploration targets. The Company is to pay \$245,000 for services to rendered over a period of one year.
- (d) On September 23, 2021, the Company received loan payable proceeds of \$230,000 which is non-interest bearing, unsecured, and due on demand.
- (e) On October 12, 2021, the Company issued 1,700,000 common shares for proceeds of \$170,000 pursuant to the exercise of stock options.
- (f) On October 14, 2021, the Company issued 1,000,000 units at \$0.35 per unit for proceeds of \$350,000. Each unit was comprised of one common share and one-half of a share purchase warrant. Each whole share purchase warrant is exercisable at \$0.50 per common share expiring 18 months from the date of issuance, subject to acceleration provision.
- (g) On October 14, 2021, the Company granted 1,200,000 stock options exercisable at \$0.35 per common share expiring on October 14, 2023 to officers, directors, and consultants.
- (h) Subsequent to June 30, 2021, the Company made payments totaling \$600,000 pursuant to the Bellechasse-Timmins mineral property option agreement

### **Accounting Standards Adopted During the Period**

During the year ended June 30, 2021, the Company did not adopt any new accounting standards.

### **Related Party Transactions**

Key management personnel include the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”), and certain directors and officers and companies controlled or significantly influenced by them.

During the year ended June 30, 2021, the Company incurred management fees of \$Nil (2020 - \$3,000) to a company controlled by a former president of the Company.

## **Capital Management**

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the year ended June 30, 2021.

## **Financial Instruments and Risks**

### *Financial risk management*

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, interest receivable, loans receivable and accounts payable and accrued liabilities.

### *Credit Risk*

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, accrued interest receivable, and loans receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The Company performs ongoing credit evaluations, does not require collateral and establishes an allowance for doubtful accounts based on the age of the receivable and the specific identification of receivables the Company considers at risk. The carrying amount of financial assets represents the maximum credit exposure.

### *Foreign Exchange Rate Risk*

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

### *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 market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. Given the nature of the Company's financial assets, it believes that liquidity risk is relatively low.

### **Additional Disclosure for Companies Without Significant Revenue**

An analysis of material components of the Company's general and administrative expenses is disclosed in the audited financial statements for the year ended June 30, 2021 to which this MD&A relates

### **Disclosure of Outstanding Share Data**

#### *Share Capital*

Authorized: Unlimited number of common shares without par value

As at the June 30, 2021, the Company had 20,100,000 shares issued and outstanding

As at the Report Date, the Company had 23,800,000 shares issued and outstanding

#### *Stock Options*

As at the June 30, 2021, the Company had no stock options outstanding

As at the Report Date, the Company had 1,200,000 stock options outstanding

#### *Share Purchase Warrants*

	June 30, 2021	Report Date
Warrants - \$0.10	8,100,000	6,400,000
Warrants - \$0.50	320,000	500,000
	8,420,000	6,900,000

### **Risk Factors**

#### *Coronavirus Pandemic*

The current outbreak of COVID-19 and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions, which may adversely impact the Company's operations, and the operations of its suppliers, contractors, and service providers, the ability to obtain financing and maintain necessary liquidity. The outbreak of COVID-19 and political upheavals in various countries have caused significant volatility in commodity prices. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

#### **Other**

Additional disclosures pertaining to the Company's material change reports, press releases, and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).