Battery Mineral Resources Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2022

Introduction

This Management's Discussion and Analysis of Operations and Financial Condition (“MD&A”) of Battery Mineral Resources Corp. (the “Company”) should be read in conjunction with the Company’s unaudited condensed consolidated interim financial statements (the “Financial Statements”) for the three months ended March 31, 2022, and the notes thereto.

The Company’s Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. This MD&A was prepared as of June 2, 2022, and all information is current as of such date. Readers are encouraged to read the Company’s public information filings on SEDAR at www.sedar.com.

This discussion provides management's analysis of the Company’s historical operating and financial results and provides estimates of future operating and financial performance based on information currently available. Actual results may vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance. Cautionary statements regarding forward-looking information and mineral reserves and mineral resources can be found in the section *“Cautionary Statements on Forward-Looking Statements”*.

Corporate profile

The Company is a public mineral exploration company incorporated under the laws of British Columbia on November 26, 2019, to acquire the assets of Battery Minerals Resources Limited ("Old Battery"), an Australian corporation. Its head office is located at 744 West Hastings St., Suite 400, Vancouver, BC V6C 1A5, and its registered office is located at 550 Burrard St., Suite 2900, Vancouver, BC V6C 0A3.

The Company is a battery metal, multi-commodity explorer and developer of properties for minerals required to meet the anticipated growth in the demand for the raw materials used in the lithium-ion battery and energy storage sectors. The Company is currently developing the recently acquired Punitaqui Mining Complex (“Punitaqui”) and pursuing the potential near term resumption of operations at the previously producing Punitaqui copper-gold mine located in the Coquimbo region of Chile. The Company’s business activity since incorporation has been the acquisition, consolidation and exploration of the Cobalt District Exploration Project in Ontario and Quebec, Canada, comprised of mineral claims and leases covering an aggregate of 100,674 hectares in Ontario and 1,813 hectares in Quebec.

The Company also controls assets prospective for cobalt and lithium in the United States, and graphite properties in South Korea, one of which, Geuman, is a former supplier of graphite to the South Korean battery market. The Geuman prospect was an operating graphite mine between 1986 and 1993. The Company also owns the Taehwa flake graphite prospect in South Korea. The Company’s United States cobalt assets include 434 mineral claims covering fourteen cobalt occurrences. The Bonanza and East Fork properties are located in the historic Blackbird Mining District ~30 km west and north of the town of Salmon, Idaho. The Company has one lithium exploration asset in the United States, the Amargosa prospect in Nye County, Nevada. The Amargosa tenements cover approximately 5 km^2.

The Company also holds a 100% ownership interest in ESI Energy Services Inc. (“ESI”), a company in the business of renting and selling backfill separation machines ("Padding Machines") to wind and solar and other utility construction contractors, mainline pipeline contractors as well as oilfield pipeline and construction contractors. ESI’s financial position, results of operations and cash flows are consolidated in the Financial Statements of the Company, and ESI’s results are discussed in the MD&A.

For a discussion as to the business of the Company, see sections *"Results of Operations for the Company"*, *"Risk Factors related to the Company's Mineral Properties"* and *"Risk Factors related to ESI"*.

Adjustment of accounting treatment of ESI acquisition and resulting re-statement of financial statements for the three months ended March 31, 2021

On the acquisition of ESI by the Company, the net assets of ESI were recorded at fair market value ("FMV") less costs to sell, as ESI was at that time considered by the Company to be an asset held for sale. The costs to sell ESI incorporated contingent consideration in relation to the acquisition. In conjunction with the preparation of the Company's 2021 financial statements, upon further review of the applicable IFRS accounting standards pursuant to which the Company prepares such financial statements, it was determined the net assets of ESI should have been recorded at historical book values, rather than FMV. The Company and its current auditors agreed that the acquisition should have been accounted for at historical book values. The change in accounting treatment for the acquisition of ESI by the Company did not result in any change in results for the period from continuing operations. The change resulted in the removal of the entire amount in the Remeasurement loss on disposal group held for sale after common control adjustment account. Furthermore, the change resulted in the recording of a loss, rather than a gain, in the Cumulative translation adjustment on disposal group account. In addition, upon consolidation of ESI the Proceeds from ESI dividend amount has been eliminated, without effect on the Company's net cash position. As a result of the various changes described herein, the Company has filed on SEDAR *Amended and Restated Financial Statements for the three months ended March 31, 2021*.

Recent events

Convertible Debenture Financing

During the three months ended March 31, 2022, the Company completed a non-brokered private placement of unsecured convertible debentures (the "Debentures"), raising gross proceeds of $10,375,460. The Debentures will mature on the date (the "Maturity Date") that is three years from the date of issuance. The Company shall pay to the holders of the Debentures, on the Maturity Date, the outstanding principal amount of the Debenture, together with all accrued and unpaid interest. The Debentures will bear interest at 8% per annum, payable annually on the anniversary of the issue date. The holder of any Debenture may, at its option, at any time from six months from the date of issuance, and prior to the close of business on the business day immediately preceding the Maturity Date, convert all, but not less than all, of the principal amount of such Debenture into common shares of the Company at the conversion price of $0.65 per share. If a holder converts the Debenture during the first year of the term, and elects to have accrued interest paid by issuance of shares rather than in cash, interest will be calculated as of the first anniversary of the issue date, and the Company will issue common shares to the holder as payment of accrued interest and pay cash to the holder in an amount equal to the interest calculated as of the first anniversary date less the accrued interest. A holder may elect to forego payment of interest on the first anniversary date, in which case interest will be compounded as of that date, and, if the holder converts the Debenture during the second year of the term and elects to have accrued interest paid by issuance of shares rather than in cash, interest will be calculated as of the second anniversary of the issue date, and the Company will issue common shares to the holder as payment of accrued interest and pay cash to the holder in an amount equal to the interest calculated as of the second anniversary date less the accrued interest. Finally, a holder may elect to forego payment of interest on the second anniversary date, in which case interest will be compounded as of that date, and if the holder converts the Debenture during the third year of the term, interest will be calculated as of the conversion date, and may be paid in cash or by issuance of shares at the option of the holder. Common shares issued for payment of accrued interest on the principal amount of the Debenture will be issued at the market price of the common shares at the time the accrued interest becomes payable, calculated in accordance with the policies of the TSX Venture Exchange.

Grant of RSUs

During the three months ended March 31, 2022, the Company announced it had granted an aggregate of 1,145,832 restricted share units (the "RSUs") and 1,945,832 options to its directors, officers, employees, and consultants, pursuant to the Company's RSU and option plan. The RSU and options will vest over the next one to three years.

Retaining of investor relations firm

On March 2, 2022, the Company announced it had retained the services of Vancouver-based Mars Investor Relations Corp. ("Mars "), a full-service investor relations and consulting services company focused on the junior mining sector. Under the terms of the engagement agreement (the "Agreement "), the Company will compensate Mars $180,000 over the 12-month initial term of the Agreement and has granted Mars stock options exercisable to acquire an aggregate of 200,000 common shares at a price of $0.65 per share until 90 days after the termination of the agreement. The stock options shall vest quarterly over a period of 12 months, with 25% vesting each quarter. The stock options and any shares issuable upon exercise thereof are subject to a hold period of four months and one day. Mars is at arm's length to the Company and has no other relationship with the Company, except pursuant to the Agreement.

Summary of historical results

The following table is a summary of the Company's financial results and position for the eight most recently completed quarters.

Selected Financial Information		2022 Q1	Restated 2021 Q4	Restated 2021 Q3	Restated 2021 Q2	Restated 2021 Q1	Restated 2020 Q4	Restated 2020 Q3	2020 Q2
Loss for the year from continuing operations, attributable to the owners of the parent	C$	$ (1,694,475)	$ (7,048,975)	$ (991,119)	$ (1,644,944)	$ (4,067,083)	$ (3,872,354)	$ (951,499)	$ (306,263)
Profit / (loss) for the year, attributable to to the owners of the parent	C$	372,752	$ (6,825,038)	$ (1,338,867)	$ (2,850,694)	$ (5,236,721)	$ (3,872,354)	$ (951,499)	$ (306,263)
Loss per share from continuing operations, attributable to owners of the Company (basic and diluted)	C$	$ (0.01)	$ (0.04)	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.01)	$ (0.00)	$ (0.03)
Loss per share attributable to owners of the Company (basic and diluted)	C$	0.00	(0.04)	(0.01)	(0.02)	(0.04)	(0.01)	(0.00)	(0.03)
Weighted Average number of Ordinary Shares outstanding		171,696,353	158,099,142	153,794,642	145,519,171	134,773,154	105,566,748	99,419,304	96,018,485

Generally, the Company has historically experienced a net loss attributable to owners of the Company. The period-to-period variations in the net gain (loss) attributable to owners of the Company have been primarily a result of:

- Changes in the revenue attributable to ESI; revenue attributable to ESI is, in part, dependent on the general level of activity in the wind and solar and other utility construction sectors, as well as oilfield pipeline and construction sectors;
- Changes in operating and maintenance expenses attributable to ESI, which are primarily fixed, and have a small variable component;
- Historical impairment charges associated with certain intangible assets of ESI; and
- Changes in the level of general and administrative expenses of the Company, including increases in such expenses during periods of increased activity at the Company's various mineral properties.

Results of operations and financial position

The following table provides a summary of the financial results of the Company for the three months ended March 31, 2022, and for the three months ended March 31, 2021. Tabular amounts are in Canadian dollars.

		For the three months ended March 31, 2022	Restated - For the three months ended March 31, 2021
Summary of Financial Results			
Revenue	$	2,489,282	2,366,669
Costs and Expenses	$	4,504,580	4,198,912
Loss from Operations	$	(2,015,298)	(1,832,243)

The following table provides a summary of the financial position of the Company as of March 31, 2022, and as of December 31, 2021. Tabular amounts are in Canadian dollars.

		As of March 31, 2022	As of December 31, 2021
Summary of Financial Position			
Cash and cash equivalents	$	6,371,901	2,629,995
Total assets	$	90,651,147	81,147,245
Current liabilities	$	10,138,658	12,091,621

Results of operations

Revenues

All the Company's revenues for the three months ended March 31, 2022, being $2,489,282, were generated by ESI (three months ended March 31, 2021: $2,366,669).

ESI continued to diversify its revenue base in Q1 2022 with almost all of the rental revenue in the U.S market being generated from rentals into renewables (primarily wind and solar) construction. Almost all revenue generated in Canada, ESI's other operating market, was generated from pipeline construction. Approximately 81% of the revenue generated during the three months ended March 31, 2022 came from Padding Machine rentals, 47% percent of which was from large Padding Machines and 46% from small Padding Machines. The remainder of the revenue was generated from padding bucket rentals. Revenue from small Padding Machines was generated from renewables construction. Approximately 12% of large Padding Machine revenue was from renewables, almost exclusively coming from OPP-200 Padding Machines. OPP-200 Padding Machines are used for both pipeline and renewables construction, whereas OPP-300 Padding Machines, being ESI's other type of rental machine, are used almost exclusively for large diameter mainline pipeline construction. The OPP-200 Padding Machine is designed to backfill large diameter mainline pipelines ranging from 10 to 24 inches in diameter. The OPP-300 Padding Machine is designed to backfill large diameter mainline pipelines ranging from 24 to over 60 inches in diameter.

The increase in revenue for the three months ended March 31, 2022, when compared to the three months ended March 31, 2021, was attributable to a combination of an increase in customer activity resulting in increased Padding Machine rentals by ESI in Canada, for the three months ended March 31, 2022 when compared to the three months ended March 31, 2021, partially offset by a decrease in the volume of Padding Machine rentals by ESI in the United States, as customers finished several projects in the three months ended March 31, 2021 which were not replaced in the three months ended March 31, 2022.

Revenue by Geography	**Three months ended March 31, 2022**	**Three months ended March 31, 2021**
United States	$1,573,734	$2,153,128
Canada	$915,548	$213,541
Total Revenue	**$2,489,282**	**$2,366,669**

Expenses

Total expenses for the three months ended March 31, 2022 were $4,504,580 (three months ended March 31, 2021: $4,198,912). Expenses include consulting fees of $70,680 (March 31, 2021: $127,395), cost of sales of $107,605 (three months ended March 31, 2021: $120,879), depreciation of equipment of $722,527 (three months ended March 31, 2021: $996,596), director fees of $73,597 (three months ended March 31, 2021: $23,399), management fees of $360,924 (three months ended March 31, 2021: $117,007), property examination costs of $nil (three months ended March 31, 2021: $29,822), foreign exchange loss / (gain) of $(210,949) (three months ended March 31, 2021: $(26,123)), selling, general and administration of $760,334 (three months ended March 31, 2021: $1,036,541), professional fees of $312,048 (three months ended March 31, 2021: $343,494) relating to legal and accounting services received, restricted stock unit expense of $736,948 (three months ended March 31, 2021: $nil), stock-based compensation of $313,992 (three months ended March 31, 2021: $nil), operating and maintenance of $1,037,222 (three months ended March 31, 2021: $1,277,487), and impairment of $19,954 (three months ended March 31, 2021: $152,415).

Discussion of Significant Changes in Expenses

The increase in director fees for the three months ended March 31, 2022, when compared to the three months ended March 31, 2021, is primarily attributable to the additional time dedicated by the members of the Board of Directors to the business and affairs of the Company; the increase in management fees for the three months ended March 31, 2022, when compared to the three months ended March 31, 2021, is primarily attributable to the increase in the number of management and consultants retained by the Corporation during the three months ended March 31, 2022, when compared to the three months ended March 31, 2021; the decrease in professional fees for the three months ended March 31, 2022, when compared to the three months ended March 31, 2021, is primarily attributable to reduced use of external professional advisors by the Company; the increase in restricted stock unit expense for the three months ended March 31, 2022, when compared to the three months ended March 31, 2021, is attributable to the Company adopting a restricted stock unit plan subsequent to the three months ended March 31, 2021; the increase in stock-based compensation for the three months ended March 31, 2022, when compared to the three months ended March 31, 2021, is primarily attributable to the Company adopting a stock option plan subsequent to the three months ended March 31, 2021; the decrease in operating and maintenance expense for the three months ended March 31, 2022, when compared to the three months ended March 31, 2021, is primarily attributable to a decrease in ESI's operating and maintenance costs of equipment; and the increase in the foreign exchange gain for the three months ended March 31, 2022, when compared to the foreign exchange gain for the three months ended March 31, 2021, is primarily attributable to the change in the exchange rate between the Company's reporting currency, and the other currencies in which it maintains account balances.

Gross Profit and Gross Margins

For the three month period ended March 31, 2022, the Company realized a gross profit of $621,928, representing a gross profit margin of approximately 25%. The gross profit for the three month period ended March 31, 2022 was attributable to the operations of ESI.

Income and comprehensive income for the period attributable to shareholders

For the three months ended March 31, 2022 and the three months ended March 31, 2021, the Company's income and comprehensive income attributable to shareholders was $372,752 and $(5,293,172), respectively. For the three months ended March 31, 2022 and the three months ended March 31, 2021, income and comprehensive income attributable to shareholders per share was $0.00 and $(0.04), respectively. The change from loss and comprehensive loss attributable to common shareholders for the three months ended March 31, 2021, when compared to the income and comprehensive income attributable to common shareholders for the three months ended March 31, 2022, was primarily attributable to a reduction in listing expenses, as well as the currency translation attributable to the Company's Chilean operations.

Exploration and Evaluation Expenditures

Mining claims and deferred exploration costs represent costs pertaining to the Company's various cobalt, lithium, graphite and copper projects.

Cobalt

Up to and including March 31, 2022, the ending balance in the exploration and evaluation account (including cumulative additions and impairments) was $23,840,471 (December 31, 2021: $23,461,117). During the three months ended March 31, 2022, the Company incurred $615,309 in exploration and evaluation expenditures on its cobalt projects (three months ended March 31, 2021: $2,097,417). During the three months ended March 31, 2022, the Company incurred an impairment cost of $(19,954) on its cobalt projects (three months ended March 31, 2021: $(152,415)).

Lithium

Up to and including March 31, 2022, the ending balance in the exploration and evaluation account (including cumulative additions and impairments) was $382,870 (December 31, 2021: $382,870). During the three months ended March 31, 2022, the Company incurred $nil in exploration and evaluation expenditures on its lithium projects (three months ended March 31, 2021: $nil).

Graphite

Up to and including March 31, 2022, the ending balance in the exploration and evaluation account (including cumulative additions and impairments) was $2,018,412 (December 31, 2021: $1,933,932). During the three months ended March 31, 2022, the Company incurred $84,480 in exploration and evaluation expenditures on its graphite projects (three months ended March 31, 2021: $51,220).

Copper

Up to and including March 31, 2022, the ending balance in the exploration and evaluation account (including cumulative additions and impairments) was $9,825,764 (December 31, 2021: $5,711,266). During the three months ended March 31, 2022, the Company incurred $4,175,712 in exploration and evaluation expenditures on its copper projects (three months ended March 31, 2021: $nil).

Financial position

Assets

Cash and cash equivalents

At March 31, 2022, cash and cash equivalents totaled $6,371,901 (December 31, 2021: $2,629,995). Cash and cash equivalents increased by $3,741,906 during the three months ended March 31, 2022 (three months ended March 31, 2021: $(1,750,412)). The Company's cash flows during the three months ended March 31, 2022 consisted of net cash provided by (used in) financing activities of $9,865,726 (three months ended March 31, 2021: $801,820); offset by net cash provided by (used in) investing activities of $(5,681,237) (three months ended March 31, 2021: $(2,384,233)); and net cash provided by (used in) operating activities of $(442,583), (three months ended March 31, 2021: $(167,999).

Receivables

Accounts receivable at March 31, 2022 totaled $3,176,274 (December 31, 2021: $3,746,001). Accounts receivable included receivables from customers of $1,709,073 (December 31, 2021: $1,623,632), finance lease receivable of $284,942 (December 31, 2021: $329,543), as well as tax receivables of $1,182,259 (December 31, 2021: $1,792,826).

Prepaid expenses and other assets

For the three months ended March 31, 2022, prepaid expenses and other assets totaled $383,503 (December 31, 2021: $231,061).

Liabilities

Accounts payable and accrued liabilities
As of March 31, 2022, accounts payable and accrued liabilities totaled $9,045,939 (December 31, 2021: $10,764,495). The balance comprised of $1,831,159 of trade payables (December 31, 2021: $2,368,299), $176,216 (December 31, 2021: $1,398,696) in in accrued liabilities, short term contingent payments on acquisition of $1,566,510 (December 31, 2021: $1,918,190), and long term contingent payments on acquisition of $5,472,057 (December 31, 2021: $5,079,310).

Exploration advances
As of March 31, 2022, exploration advances totaled $100,000 (December 31, 2021: $404,000).

Flow-through premium liability
Pursuant to flow-through agreements, the Company was obligated to incur $2,806,799 in Canadian exploration expenses ("CEE"). As of March 31, 2022, the Company has spent $2,806,799 in CEE. Accordingly, the flow through premium liability was derecognized and recorded in profit or loss.

Convertible unsecured debentures
The Company has $10,375,460 in principal amount of Debentures outstanding as of March 31, 2022. See section *"Recent events"*.

Additional Information

Working Capital
Working capital as of March 31, 2022 was $2,082,252 (December 31, 2021: $(3,195,332)). The increase in working capital was primarily due to an increase in cash due to the completion of the convertible unsecured debenture financing, as well as a reduction in accounts payable.

Liquidity and capital resources
As at March 31, 2022, the Company had cash and cash equivalents of $6,371,901 (December 31, 2021: $2,629,995) and no cash held in escrow. Cash and cash equivalents are primarily comprised of cash held with reputable financial institutions and are invested in highly liquid short-term investments with maturities of six months or less. See section "*Liquidity and capital resources"*.

Equity
As of March 31, 2022, the Company has 171,705,612 shares outstanding. As of March 31, 2022, 8,283,332 options remain outstanding, of which 8,270,832 were issued to Officers, Directors and Consultants of the Company and 12,500 relating to the Fusion amalgamation. As of March 31, 2022, 7,605,832 restricted share units ("RSU's") were issued to Officers, Directors, and Consultants of the Company. See section "*Disclosure of data for outstanding common shares and stock options"*.

Corporate activities

Corporate Activities
On February 15, 2021, the Company completed a reverse takeover transaction ("RTO"), with Fusion Gold Ltd. (Fusion), a TSX Venture Exchange listed company.

By way of additional information on the RTO, on December 23, 2019, Fusion entered into a definitive amalgamation agreement with the Company, 1234525 B.C. Ltd., a newly incorporated wholly owned subsidiary of Fusion, and Weston Energy LLC ("Weston"). This agreement was amended on March 25, 2020, May 14, 2020, August 31, 2020, December 29, 2020, and January 31, 2021; together the definitive amalgamation agreement and the amendments are referred to hereinafter as the "New Definitive Agreement".

The New Definitive Agreement (i) extended the time for completion of the Transaction from August 31, 2020, to March 1, 2021, and (ii) increased the expense reimbursement fee from $250,000 to $350,000 (payable by the Company to Fusion in the event the Transaction was not completed by December 31, 2020 for any reason other than as a result of the failure of Fusion to fulfil a material condition or obligation under the Definitive Agreement).

Pursuant to the New Definitive Agreement, Fusion acquired all of the issued and outstanding securities of the Company, by way a three cornered amalgamation under the British Columbia Business Corporations Act pursuant to which the Company and Fusion Subco amalgamated, shareholders of the Company exchanged their shares of the Company for shares of Fusion on a one-for-one basis on a post-consolidation basis (as defined below) and the Company became a wholly-owned subsidiary of Fusion (together with the related transactions and corporate procedures set out in the New Definitive Agreement, the "Transaction").

In connection with the Transaction, Fusion consolidated its common shares on a 2:1 basis (the "Consolidation"). In addition, upon closing of the Transaction, Fusion changed its name to "Battery Mineral Resources Corp.". On closing the Transaction, the Resulting Issuer met the TSXV's initial listing requirements for a Tier 1 or Tier 2 mining issuer. In connection with the Transaction, the Company completed a private placement of: (i) flow-through common shares of the Company at a price of $0.68 per share; and (ii) common shares of the Company at a price of $0.65 per share, to raise aggregate gross proceeds of $1,750,000. Shares issued under the private placement were immediately exchanged for one post-consolidation common share of Fusion upon closing of the Transaction (together, the "Concurrent Financing").

As mentioned, on February 15, 2021, the Company completed the RTO with Fusion. The transaction was intended to constitute Fusion's "qualifying transaction" and was structured as a three-cornered amalgamation pursuant to which the Company amalgamated with 1234525 B.C. Ltd. The amalgamated entity became a wholly owned subsidiary of Fusion and the security holders of the Company exchanged securities of the Company for securities of Fusion on a one-for-one basis (after a consolidation of Fusion's common shares on a 2:1 basis). As a result, the shareholders of the Company owned more shares in the combined entity, the Company is deemed to control the new entity and the continuing financial statements will be those of the Company.

Trading of the Company’s common shares commenced on February 22, 2021.

During the year ended December 31, 2020, the Company:

i. issued 4,130,615 common shares for a total consideration of $2,685,000 of which $1,300,000 was received in advance.

ii. received subscription receivables of $200,000.

iii. In relation to the Flow-Through Shares, the Company entered into an Escrow Agreement whereby the Flow-Through Agent (“Agent”), held $1,100,000 of funds in trust to be released in two tranches of $550,000 each, when the Company provides the Agent proof that eligible flow-through expenditures were incurred and paid for in full. During the year ended December 31, 2020, the Company received $1,100,000 of the funds held in escrow.

iv. issued 2,600,000 common shares for a cash consideration of $1,727,690 to the Weston Group.

v. issued 30,000,000 common shares for a total consideration of $19,500,000 to Yorktown in consideration for 89.2% ownership in ESI.

vi. Received $400,001 toward a private placement in relation to the Qualifying Transaction with Fusion completed on February 12, 2021.

During the year ended December 31, 2021, the Company:

i. Received $1,750,000 of subscription receipts consisting of flow-through and non flow-through shares as follows: 735,294 flow-through shares to be issued at an issuance price of $0.68 per flow-through share for proceeds of $500,000 and 1,923,077 non flow-through shares in the Company at an issuance price of $0.65 per share for proceeds of $1,250,000.

ii. issued 200,000 shares related to the settlement of the claim dispute in Idaho.

iii. issued 900,000 shares related to historic property obligations.

iv. cancelled 425,885 common shares in relation to the Transaction.

v. exercised 50,000 options at $0.20 related to the Fusion amalgamation.

vi. issued 3,100,000 shares related to the share exchange that would result in the Company's shareholders taking over Fusion.

vii. issued 21,156,074 shares for a cash consideration of $13,056,508 and non-cash consideration of $694,940 related to the Punitaqui acquisition. The non-cash consideration of 1,069,138 shares were issued to Weston in exchange for the debtor in possession loan used to secure the rights to acquire Punitaqui.

viii. issued 10,000,000 shares related to Bluequest for $6,043,000 (U$5,000,000) pursuant to a loan purchase agreement with Bluequest.

ix. 1,538,462 common shares for additional proceeds of $1,000,000 (US$800,000), relating to the second and final tranche of the Punitaqui acquisition. The shares were issued to Weston Energy.

x. issued 1,388,888 flow-through shares ("Flow-Through Shares") at a price of $0.72 per Flow-Through Share for total gross proceeds of $999,999.

The subscription agreement for the Flow-Through Shares requires North American Cobalt Inc. to incur $999,999 of qualifying Canadian Exploration Expenses ("CEE") and renounce the CEE to the Flow-Through Shares shareholders with an effective date of December 31, 2021. The Company attributed a flow-through premium liability of $97,222 and reduced share capital by the same amount. Transaction costs relating to the Offering amounted to $60,000.

xi. issued 1,675,384 Flow-Through Shares at a price of $0.78 per Flow-Through Share for total gross proceeds of $1,306,800.

The subscription agreement for the Flow-Through Shares requires North American Cobalt Inc. to incur $1,306,800 of qualifying Canadian Exploration Expenses ("CEE") and renounce the CEE to the Flow-Through Shares shareholders with an effective date of December 31, 2021. The Company attributed a flow-through premium liability of $311,770 and reduced share capital by the same amount. Transaction costs relating to the Offering amounted to $75,600.

Punitaqui Acquisition

On May 28, 2021, the Company entered into a number of agreements with Minera Altos de Punitaqui Limited ("MAP"), their parent company Xiana Mining Inc. ("Xiana") and their creditors, Bluequest Resources AG ("Bluequest"), to acquire the rights to certain properties, plant and equipment related to Punitaqui.

Consideration included:

i. The issuance of 10,000,000 Common Shares to Bluequest equal to $6,200,000 (US$5,000,000);

ii. Contingent consideration of up to US$5,000,000 of additional payments subject to achieving certain production milestones at Punitaqui, with each milestone payment to be satisfied, at the election of Bluequest, by the payment of cash, the issuance of Common Shares at prevailing market prices (subject to a minimum issue price of C$0.41), or a combination of both. The milestone payments include: (i) an amount equal to US$2,000,000, payable 60 days following the date on which commercial restart is achieved, (ii) an amount equal to US$1,000,000, payable 60 days following the date on which the first production milestone is achieved, (iii) an amount equal to US$1,000,000, payable 60 days following the date on which the second production milestone is achieved, and (iv) an amount equal to US$1,000,000, payable 60 days following the date on which the third production milestone is achieved. The production milestones include the achievement of aggregate production equal to or greater than 291,600 tonnes for the commercial restart milestone, aggregate production of 583,200 tonnes for the first production milestone, aggregate production of 874,800 tonnes for the second production milestone, and aggregate production of 1,166,400 tonnes for the third production milestone. The Company has estimated the probability of achieving the milestones as at December 31, 2021 to be nil;

iii. Cash consideration of $180,000 (US$149,217) to Bluequest;

iv. An upfront payment to MAP to satisfy certain creditors debts amounting to $4,510,000 (US$3,736,175);

v. Future payments to MAP to satisfy certain creditors debts amounting to $8,080,000 (US$6,379,416) over 23 quarterly installments beginning on June 30, 2021;

vi. $5,343,000 (US$4,426,193) in future cash consideration related to an option agreement to obtain ownership over all land and equipment;

vii. The issuance of 1,069,138 shares to Weston Energy in exchange for the debtor in possession ("DIP") secured loan. These were exchanged at the market rate of the trading shares in a non-arm's length transaction.

There were transaction costs of $559,000 which were capitalized to the assets. The assets acquired did not have processes capable of generating outputs, therefore did not meet the definition of a business in accordance with IFRS 3 Business Combinations and were accounted for as an asset acquisition. The value of consideration paid after allocation to the other net assets acquired, was allocated to the property, plant and equipment based on their relative fair values on May 28, 2021.

The arrangement included a 99-year lease agreement, which exceeds the life of the assets, to access and utilize MAP's mining concessions, mineral properties, equipment, and water rights. This structure allows the Company to complete a pre-economic analysis and apply for the proper permits with the Chilean mining authorities, without assuming any potential unknown liabilities within MAP. MAP has granted a four-year call option to sell the entirety of the mining properties to the Company, and the Company entered into a promissory purchase agreement for the equity of MAP for US$100 on the 10-year anniversary of the closing of the transaction.

Significant Projects

The Company considers Punitaqui to be its most significant project. Punitaqui is a former producing copper mine and ore processing plant which has been idle since April, 2020. For 2022, the Company's plans for Punitaqui primarily include:

- The completion of 32,508 meters of in-fill and exploration drilling, which commenced in 2021, the results of which are expected to be included in an independent third-party estimation of a copper mineral resource;
- The execution of a community consultation plan in the areas immediately surrounding Punitaqui, as well as consultation with any other communities that may be impacted by potential production and related activities at the mine;
- The execution of a detailed engineering & planning program, as well as a metallurgical testing program, the objectives of which will be to provide additional information to the Company in connection with a potential re-start of mining activities at Punitaqui;
- If a decision to re-start mining activities at Punitaqui is made by the Company, securing additional funding towards the mine development, the acquisition of certain capital items, and for the working capital required for such re-start;
- If a decision to re-start mining activities at Punitaqui is made by the Company, engaging in pre-production stage mine development, the acquisition of certain capital items, as well as the refurbishment of the ore processing plant; and
- If a decision to re-start mining activities at Punitaqui is made by the Company, the commencement of such re-start activities in the fourth quarter of 2022.

As of the date of this MD&A, management estimates that the Punitaqui project is on-track to meet the objectives set out by management. As shown below, during the three months ended March 31, 2022 the Company made certain expenditures towards the advancement of the project:

	Punitaqui	Total
	$	$
Balance at December 31, 2020	-	-
Additions		
Exploration expenditures		
Consulting	329,058	329,058
Drilling	4,170,262	4,170,262
Environmental and permitting	7,936	7,936
Field office and other	918,957	918,957
Project management	270,807	270,807
Travel	14,247	14,247
Additions during the year	5,711,267	5,711,267
Currency Translation Adjustment	(387,707)	(387,707)
Balance as December 31, 2021	**5,323,560**	**5,323,560**

	Punitaqui	Total
	$	$
Balance at December 31, 2021	**5,323,560**	**5,323,560**
Additions		
Exploration expenditures		
Consulting	89,489	89,489
Drilling	2,461,875	2,461,875
Environmental and permitting	154,366	154,366
Field office and other	1,014,877	1,014,877
Project management	400,079	400,079
Travel	55,025	55,025
Additions during the year	4,175,711	4,175,711
Currency Translation Adjustment	326,493	326,493
Balance as March 31, 2022	**9,825,764**	**9,825,764**

The expenditures were primarily direct toward the drilling of the Punitaqui project, and were a necessary step towards the subsequent phase of advancing the Project. As of the date of this MD&A, the Company has completed the in-fill and exploration drilling, and remains on-track to complete the next phase of its plans as outlined herein. The Company does not anticipate any material delays to take the project through the next phase. The Company anticipates making additional expenditures on the Project. Numerous factors outside of the Company's control, including but not limited to commodity prices, political, or environmental issues may have an effect on the value of the project (Also, see section *"Risk Factors related to the Company's Mineral Properties"*).

Liquidity and capital resources

As at March 31, 2022, the Company had cash and cash equivalents of $6,371,901 (December 31, 2021: $2,629,995) and no cash held in escrow (as further described below). Cash and cash equivalents are primarily comprised of cash held with reputable financial institutions and are invested in highly liquid short-term investments with maturities of six months or less.

As of the date of this MD&A, the Company does not have any firm commitments to incur material capital expenditures. The Company expects that it will have to incur certain expenditures in the future, in order to fund its development activities. These expenditures are expected to include, but not be limited to: the development of the ore bodies currently existing at the Company's Punitaqui project; the acquisition of certain mining equipment and consumables, in order to commence and operate the Punitaqui project; operating and general & administrative costs associated with operating the Punitaqui project; the drilling of the Company's other mineral projects, including those located in Canada, the U.S. and South Korea; the costs of maintaining its mineral project licenses and mineral claims; permitting costs; and general corporate expenses. Those aforementioned expenditures relating to the Punitaqui project will, in large part, depend on whether or not the Company decides to proceed with mining activities at the project. As of the date of this MD&A, the Company cannot accurately estimate the total of the aforementioned expenditures.

The Company currently has cash flow from ESI, though the sources of operating cash flow are not sufficient to fund the Company's continued exploration and development efforts and the Company's primary sources of capital resources are comprised of cash and cash equivalents. The Company will continuously monitor its capital structure and based on changes in operations and economic conditions, may adjust the structure by issuing new shares or new debt, as necessary. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional sources of financing to successfully explore and evaluate its mineral properties and, ultimately, to achieve profitable operations. While the Company has been successful in securing financing to date, there are no guarantees that it will be able to secure such financing in the future on terms acceptable to the Company, if at all. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration of the Company's properties and the possible loss of title to such properties. Significant reliance is placed on Weston, the Company's controlling shareholder, for providing ongoing financing to the Company. Failure of Weston to provide or participate in financing, or the inability of Weston to provide or participate in financing, would likely result in difficulty for the Company to attract separate third-party investment. If the Company is able to continue to advance its Punitaqui project, management expects that it may be able to access additional sources of capital, in addition to those described herein, to fund the development of the Punitaqui project. Such sources of capital may include, among others, a concentrate offtake prepayment financing, a private debt financing, or a financing by way of a sale of a royalty interest over the potential future production from Punitaqui project. Should any such sources of capital be obtained by the Company, the Company's capital structure, credit risk profile, cash flow profile, as well as the average cost of capital for the Company may change materially.

ESI owns a real estate property located in Leduc, AB, which has a mortgage loan outstanding. The Leduc mortgage contains a debt covenant stipulating a minimum debt service coverage ratio of 1.25:1 ("DSCR"). As of March 31, 2022, the DSCR was estimated by ESI to be approximately (1.84):1. As such, ESI believes that as of the aforementioned date, it was in breach of the debt covenant in relation to the mortgage loan secured by ESI's property in Leduc, AB. ESI has submitted its unaudited financial statements to the mortgage lender; however, as of June 2, 2022, ESI has not received any notice from the mortgage lender notifying ESI that it has breached the debt covenant. Per the mortgage loan agreement, ESI is required to submit audited financial statements to the mortgage lender prior to June 15, 2022.

The mortgage lender has the contractual right to demand immediate payment of all loans and credits in full any time there is a breach of terms, and failing repayment of the mortgage loan by ESI, the mortgage lender has the right to realize on the mortgage loan by taking ownership of the Leduc, AB property which is a security for the mortgage loan.

Subsequent to the three month period ended March 31, 2022, the Company entered into an agreement to sell the Leduc property held by ESI. The Company has agreed to sell the property and building for $6,400,000. The transaction is expected to close during the third quarter of 2022.

Subsequent to the three month period ended March 31, 2022, the Company has entered into a sale-lease back transaction on its Phoenix property held by Ozzies, Inc ("Ozzies"), which is a 100%-owned subsidiary of the Company. The Company has agreed to sell the property and building for US$6,900,000.

The sale of the Leduc property and the sale-leaseback of the Phoenix property, if closed, are expected to provide the Company with additional capital resources which the Company intends to use towards the development of Punitaqui, and for additional working capital.

Accordingly, there are material risks and uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Transactions with related parties

Related parties of the Company include directors, officers, Weston and ESI. Pursuant to the ESI Agreement however, ESI made a one-time, non-refundable payment to the Company in the amount of $10,000,000, which is repayable if the ESI Agreement is terminated upon the occurrence of certain prescribed and limited circumstances. See section "*Corporate Activities*".

On April 20, 2020, the Company, through Weston, received a notice of default from ESI. On September 9, 2020, ESI became a subsidiary of the Company. The ESI liability, while being a $10,000,000 liability on the Company's records, was written down to $nil on ESI's records. On consolidation, the $10,000,000 liability is eliminated, and the benefit of that elimination is scoped out of the purchase equation due to the pre-existing relationship with ESI and is recorded as a capital contribution due to the nature of the common control transaction.

On January 29, 2021, the Company received notice that the amount was no longer considered repayable.

On May 26, 2021, the Company completed the acquisition of ESI concurrent with the completion of the ESI going private transaction. The result is the Company now owns 100% of the ESI common shares.

On May 28, 2021, the Company issued 1,069,138 shares to Weston, valued at $662,866 (US$555,952) in exchange for the debtor in possession loan used to secure the rights to acquire Punitaqui.

On July 5, 2021, the Company issued 1,538,462 common shares to Western for additional proceeds of $1,001,120 (US$800,000), relating to the second and final tranche of the Punitaqui acquisition.

For the three months ended March 31, 2022, the Company paid or accrued management fees of $360,924 (March 31, 2021: $117,007).

Disclosure of data for outstanding common shares and stock options

Common Shares

During the year ended December 31, 2021, the Company:

i. Received $1,750,000 of subscription receipts consisting of flow-through and non flow-through shares as follows: 735,294 flow-through shares to be issued at an issuance price of $0.68 per flow-through share for proceeds of $500,000 and 1,923,077 non flow-through shares in the Company at an issuance price of $0.65 per share for proceeds of $1,250,000.

ii. issued 200,000 shares related to the settlement of the claim dispute in Idaho.

iii. issued 900,000 shares related to the historic property obligations.

iv. cancelled 425,885 common shares in relation to the Transaction.

v. exercised 50,000 options at $0.20 related to the Fusion amalgamation.

vi. issued 3,100,000 shares related to the share exchange that would result in the Company's shareholders taking over Fusion.

vii. issued 21,156,074 shares for a cash consideration of $13,056,508 and non-cash consideration of $694,940 related to the Punitaqui acquisition. The non-cash consideration of 1,069,138 shares were issued to Weston in exchange for the debtor in possession loan used to secure the rights to acquire Punitaqui.

viii. issued 1,388,888 flow-through shares ("Flow-Through Shares") at a price of $0.72 per Flow-Through Share for total gross proceeds of $999,999.

ix. The subscription agreement for the Flow-Through Shares requires North American Cobalt Inc. to incur $999,999 of qualifying Canadian Exploration Expenses ("CEE") and renounce the CEE to the Flow-Through Shares shareholders with an effective date of December 31, 2021. The Company attributed a flow-through premium liability of $97,222 and reduced share capital by the same amount. Transaction costs relating to the Offering amounted to $60,000.

x. issued 10,000,000 shares related to Bluequest for $6,043,000 (U$5,000,000) pursuant to a loan purchase agreement with Bluequest

xi. 1,538,462 common shares for additional proceeds of $1,000,000 (US$800,000), relating to the second and final tranche of the Punitaqui acquisition. The shares were issued to Weston Energy.

xii. issued 1,675,384 Flow-Through Shares at a price of $0.78 per Flow-Through Share for total gross proceeds of $1,306,800.

xiii. The subscription agreement for the Flow-Through Shares requires North American Cobalt Inc. to incur $1,306,800 of qualifying Canadian Exploration Expenses ("CEE") and renounce the CEE to the Flow-Through Shares shareholders with an effective date of December 31, 2021. The Company attributed a flow-through premium liability of $311,770 and reduced share capital by the same amount. Transaction costs relating to the Offering amounted to $75,600.

Stock options

As of March 31, 2022, 8,283,332 options remain outstanding, of which 8,270,832 were issued to Officers, Directors and Consultants of the Company and 12,500 relating to the Fusion amalgamation. Total stock-based compensation expense for the three months ended March 31, 2022, was $313,992 (for the three months ended March 31, 2021: $nil)

The Company's stock option plan provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options are non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting. The exercise price and vesting terms of stock options is determined by the Board of Directors of the Company at the time of grant.

Restricted share units

As of March 31, 2022, 7,605,832 RSU's were issued to Officers, Directors, and Consultants of the Company. The RSU's vest over the next 3 years evenly on each anniversary date of the issue. The total RSU expense for the three months ended March 31, 2022 was $736,948 (March 31, 2021: $nil).

Outstanding Share Data

As of March 31, 2022, the Company has 171,705,612 shares outstanding.

Off-balance sheet transactions

The Company did not have any off-balance sheet arrangements as of March 31, 2022, December 31, 2021, or as of the date of this report.

Significant judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Management believes the estimates and assumptions used in these Financial Statements are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

The Company's significant accounting judgments and estimates which have been applied in the Financial Statements for the three months ended March 31, 2022 are as follows:

Judgments

The measurement of deferred income tax assets and liabilities.

The evaluation of the Company's ability to continue as a going concern.

Estimations

The fair value of share-based compensation.

Financial instruments and capital management

As at March 31, 2022, the Company's financial assets consist of cash and accounts receivable, while its financial liabilities consist of accounts payable, income taxes payable, accrued liabilities. The Company classifies cash and receivables as financial assets measured at amortized cost. The Company classifies accounts payable and accrued liabilities as financial liabilities held at amortized cost.

The fair value of these financial instruments is equal to their carrying value unless otherwise noted.

The risk exposure arising from these financial instruments is summarized as follows:

(a) Credit risk

As at March 31, 2022, the majority of the Company's financial assets are cash. The Company holds all cash balances with a highly rated Canadian financial institution, therefore minimizing the Company's credit risk. Similarly, ESI holds all cash balances with a highly rated U.S. financial institution, therefore minimizing its credit risk.

(b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that they will have sufficient liquidity to meet liabilities when due. The Company maintains projections of its liquidity requirements to assist in managing this risk.

The Company believes it will have sufficient funds on hand to meet administrative and legal costs, but should it not, it will be dependent on future support of shareholders through public equity offerings, and cash transfers or dividends from ESI. At March 31, 2022, the Company had no contractual obligations which result in a financial liability beyond accounts payable, income taxes payable, and accrued liabilities. Also, see section *"Liquidity and capital resources"*.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

The Company's activities, excluding ESI, have only been transacted in Canadian dollars since incorporation and until March 31, 2022; in addition, the Company carries no debt beyond accounts payable, income taxes payable, and accrued liabilities As such, the Company has minimal market risks facing it at present.

ESI's activities are predominantly transacted in United States dollars, and to a lesser extent in Canadian dollars; in addition, ESI carries debt beyond accounts payable, accrued liabilities, including equipment loans and mortgages related to certain of its properties. As such, ESI has market risks facing it at present.

(d) Commodity price risk

The demand, pricing and terms for ESI's services depend significantly upon the level of expenditures made by pipeline companies and others. Generally, when commodity prices and demand are predicted to be, or are relatively high, demand for ESI's services is high. The converse is also true. The prices for crude oil and gas have fluctuated widely during recent years and may continue to be volatile in the future. As such, ESI has commodity price risk facing it at the present.

Capital management

The Company manages its capital structure and adjusts it based on the funds available to the Company, in order to continue as a going concern. The Company considers capital to be all accounts in equity. The Board of Directors of the Company 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. Additional funds may be required to finance the Company.

Subsequent events

Subsequent to March 31, 2022, the Company:

- The Company announced it has granted an aggregate of 500,000 RSUs and 1,100,000 stock options to an officer of the Company. The RSU and stock options will vest over the next three years.
- The Company has entered into a sale-lease back transaction on its Phoenix property held by Ozzies. The Company has agreed to sell the property and building for US$6,900,000. Ozzies will continue to occupy the building over the next five years via a standard lease agreement. The transaction is expected to close on June 10, 2022 and the future lease payments in USD are the following:

Stated in USD

Period		Annual Basic Rent		Monthly Basic Rent
Closing - May 31, 2023	$	313,884	$	26,157
June 1, 2023 - May 31, 2024		323,304		26,942
June 1, 2024 - May 31, 2025		333,000		27,750
June 1, 2025 - May 31, 2026		342,996		28,583
June 1, 2026 - May 31, 2027		353,280		29,440

- The Company has entered into an agreement to sell its Leduc property held by ESI. The Company has agreed to sell the property and building for $6,400,000. The transaction is expected to close during the third quarter of 2022.

Other risks and uncertainties

The Company is engaged in mineral exploration and development activities which, by nature, are speculative. Through ESI, the Company is also engaged in the rental of Padding Machines.

Due to the high-risk nature of the Company's mineral exploration and development business division, 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 under the section *"Risk Factors"*. 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.

Risk Factors related to the Company's Mineral Properties

COVID-19 and Other Global Pandemics

Though work at the Company's properties is continuing with no significant interruptions to date, the Company may nonetheless be impacted at any time by the current global coronavirus outbreak and associated COVID-19 global pandemic, as well as related governmental regulations, restrictions and other measures and business disruptions due to the impact of same on third parties with whom the Company is associated or does business. The Company is currently complying with all federal, provincial or state, and local governmental regulations concerning COVID-19. While the majority of our employees and contractors are currently operating following the contagion prevention measures that have been put in place, the ever-changing nature of the situation may have a material adverse impact on the Company as it could result in delays and increased costs. In addition, government authorities could impose new or additional requirements resulting in further limitations on the activities, or the suspension of all activities.

Alternatively, in the event of an outbreak of COVID-19 at site at any of the Company's projects, government authorities, either federally or locally, or the Company could determine that a full suspension of all of its operations is necessary for the safety and protection of the workers. A complete suspension of operations could result in delays, result in additional increases in costs and have a material adverse effect on the financial position of the Company. If authorities were to impose a suspension order caused by the COVID-19 virus outbreak, or if there is a full suspension of activities at any of our project sites for an undefined period of time there could be additional medical and other costs to be incurred, project delays, and cost overruns. Moreover, the actual and threatened further spread of COVID-19 globally could continue to negatively impact stock markets, including the trading price of the Company's Common Shares, could adversely impact the Company's ability to raise capital, could cause continued interest rate volatility and movements that could make obtaining financing more challenging or more expensive and could result in any operations affected by COVID-19 becoming subject to quarantine. Any of these developments, and others, could have a material adverse effect on the Company's business and results of operations.

Fluctuating Commodity Prices

Historically, copper, gold, silver and other metals prices have fluctuated widely and are affected by numerous external factors beyond the Company's control, including industrial demand, production and cost levels in major producing regions, short-term changes in supply and demand because of speculative activities, confidence in the global monetary system, the strength of the US dollar (the currency in which the price of copper is generally quoted), interest rates, terrorism and war, and other global or regional political or economic events. Resource prices have fluctuated widely and are sometimes subject to rapid short-term changes because of speculative activities. The exact effect of these factors cannot be accurately predicted, but any one of or any combination of, these factors may result in not receiving an adequate return on invested capital and a loss of all or part of an investment in securities in the Company.

No Assurance of Title

The acquisition of title to mineral projects is a detailed and time-consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in its name where possible, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interests of the Company in any of its properties may not be challenged or impugned. Title insurance is generally not available for mineral properties and the Company has a limited ability to ensure that it has obtained secure ownership claims to individual mineral claims. While the Company's intention is to take all reasonable steps to maintain title to its mineral properties, there can be no assurance that the Company will be successful in extending or renewing mineral rights on or prior to expiration of their term or that the title to any such properties will not be affected by an unknown title defect. Should the Company be unsuccessful in extending or renewing mineral rights on or prior to expiration of their term, or if the title to any such properties is affected by an unknown title defect, the Company may not have the ability to explore on any such properties, and their value may be impaired.

Construction and Start-up of Mines

The success of construction projects and the start-up of mines by the Company is subject to a number of factors including the availability and performance of engineering and construction contractors, mining contractors, suppliers and consultants, the receipt of required governmental approvals and permits in connection with the construction of mining facilities and the conduct of mining operations (including environmental permits), the successful completion and operation of ore passes, recovery plants and conveyors to move ore, among other operational elements. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Company is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with mines could delay or prevent the construction and start-up of mines as planned. There can be no assurance that current or future construction and start up plans implemented by the Company will be successful, that the Company will be able to obtain sufficient funds to finance construction and start up activities, that personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects, that the Company will be able to obtain all necessary governmental approvals and permits or that the completion of the construction, the start-up costs and the ongoing operating costs associated with the development of mines will not be significantly higher than anticipated by the Company. Any of the foregoing factors could adversely impact the operations and financial condition of the Company.

Permits and Licenses

The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it presently holds all necessary licenses and permits required to carry on with activities which it is currently conducting under applicable laws and regulations, and believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various operating circumstances. Where required, obtaining necessary licenses and permits can be a complex and time-consuming process. The costs and delays associated with obtaining necessary licenses and permits could stop or materially delay or restrict the Company from proceeding with the development of an exploration project. There can be no assurance that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development, and mining operations at its mineral projects or that the Company will be able to comply with the conditions of all such necessary licenses and permits in an economically viable manner.

Environmental Regulations and Potential Liabilities

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental hazards may exist on the properties on which the Company holds interests which are unknown at present, and which have been caused by previous or existing owners or operators of the properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration or mining operations may be required to compensate those suffering loss or damage by reason of the exploration or mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties. The potential financial exposure may be significant.

Infrastructure

Mining, processing, development, and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, railways, power sources and water supply are important determinants affecting capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition, and results of operations.

Availability and Costs of Infrastructure, Energy and Other Commodities

Mining, processing, mine construction and development, capital development projects and exploration activities depend on adequate infrastructure. Reliable access to energy and power sources and water supply are important factors that affect capital and operating costs. If the Company does not have timely access to adequate infrastructure, there is no assurance that it will be able to start or continue exploiting and develop projects, complete them on timely basis or at all. There is no assurance that the ultimate operations will achieve the anticipated production volume, or that construction costs and operating costs will not be higher than estimates calculated. The profitability of the Company's business is also affected by the market prices and availability of commodities and resources which are consumed or otherwise used in connection with the Company's operations and development projects such as diesel fuel, electricity, finished steel, tires, steel, chemicals, and reagents. Prices of such commodities and resources are also subject to volatile price movements, which can be material and can occur over short periods of time due to factors beyond the Company's control.

If there is a significant and sustained increase in the cost of certain commodities, the Company may decide that it is not economically feasible to engage in production and development activities and this could have an adverse effect on profitability. An increase in worldwide demand for critical resources like input commodities, drilling equipment, mobile mining equipment, tires and skilled labor could affect the Company's ability to acquire them and lead to delays in delivery and unanticipated cost increases, which could have an effect on the Company's operating costs, capital expenditures and production schedules. Further, the Company relies on certain key third party suppliers and contractors for services, equipment, raw materials used in, and the provision of services necessary for, the development, construction, and continuing operation of its assets. As a result, the Company's activities are subject to a number of risks some of which are outside its control, including negotiating agreements with suppliers and contractors on acceptable terms, the inability to replace a supplier or a contractor and its equipment, raw materials or services in the event that either party terminates the agreement, interruption of operations or increased costs in the event that a supplier or contractor ceases its business due to insolvency or other unforeseen event and failure of a supplier or contractor to perform under its agreement with the Company. The occurrences of one or more of these events could have a material effect on the business, results of operations and financial condition of the Company.

Uncertainty of Production Estimates

Future estimates of production for the Company's mining operations are derived from a mining plan and these estimates are subject to change. There is no assurance the production estimates will be achieved and failure to achieve production estimates could have a materially adverse effect on the Company's future cash flow, results of operations and financial condition. These plans are based on, among other things, mining experience, reserve estimates, assumptions regarding ground conditions and physical characteristics of ores and estimated rates and costs of production. Actual ore production may vary from estimates for a variety of reasons, including risks and hazards of the types discussed above. Such occurrences could result in damage to mineral properties, interruptions in production, money losses and legal liabilities and could cause a mineral property that has been mined profitably in the past to become unprofitable. Any decrease in production or change to the timing of production or the prices realized for copper and precious metal sales, will directly affect the amount and timing of the cash flow from operations. A production shortfall or any of these other factors would change the timing of the Company's projected cash flow and its ability to use the cash to fund capital expenditures.

Financing Risk

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing debt and equity market conditions, the prices of copper, gold and silver, the performance of the Company and other factors outlined herein. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. If the Company raises additional funds through the sale of equity securities or securities convertible into equity securities, shareholders may have their equity interest in the Company diluted. In addition, failure to comply with covenants under the Company's current or future debt agreements or to make scheduled payments of the principal of, or to pay interest on, its indebtedness would likely result in an event of default under the debt agreements and would allow the lenders to accelerate the debt under these agreements, which may affect the Company's financial condition.

Dependence on Key Personnel

The Company's success is dependent on a relatively small number of key employees. The loss of one or more of these key employees, if not replaced, could have a material adverse effect on the Company's business, results of operations and financial condition.

Dependence on Third Parties

The Company relies significantly on strategic relationships with other entities and also on good relationships with regulatory and governmental departments. The Company also relies upon third parties to provide essential contracting services. There can be no assurance that existing relationships will continue to be maintained or that new ones will be successfully formed, and the Company could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance, which causes the early termination or non-renewal of one or more of these key business alliances or contracts, could adversely impact the Company, its business, operating results, and prospects.

Losses from or Liabilities for Risks which are not Insured
Hazards such as unusual or unexpected geological formations and other conditions are involved in mineral exploration and development and mining. The Company may become subject to liability for pollution, cave-ins, or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities would have a material, adverse effect on the Company's financial position and results of operations. Although the Company maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition and results of operations.

Governmental Regulation
Exploration, development and mining of minerals are subject to extensive federal, state or provincial, and local laws and regulations governing acquisition of the mining interests, prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, water use, land use, land claims that may be brought by third parties, environmental protection and remediation, endangered and protected species, mine safety and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied or amended in a manner that could have a material adverse effect on the business, financial condition, and results of operations of the Company. The costs and delays associated with obtaining necessary licenses and permits and complying with these licenses and permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the development of a project. Any failure to comply with applicable laws and regulations or licenses and permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties, or other liabilities. The Company may be required to compensate those suffering loss or damage by reason of its mining operations and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits. These laws and regulations are administered by various governmental authorities including the federal, state or provincial, and local governments.

Health and Safety
Mining operations generally involve a high degree of risk. Personnel involved in the Company's operations are subject to many inherent risks, including but not limited to, rock bursts, cave-ins, flooding, fall of ground, electricity, slips and falls and moving equipment that could result in occupational illness, health issues and personal injuries. The Company has implemented various health and safety measures designed to mitigate such risks. Such precautions, however, may not be sufficient to eliminate health and safety risks and employees, contractors and others may not adhere to the occupational health and safety programs that are in place. Any such occupational health and personal safety issues may adversely affect the business of the Company and its future operations.

Tax Matters
The Company's taxes are affected by a number of factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If the Company's filing position, application of tax incentives or similar 'holidays' or benefits were to be challenged for whatever reason, this could have a material adverse effect on the Company's business, results of operations and financial condition. The Company may be subject to routine tax audits by various tax authorities. Tax audits may result in additional tax, interest payments and penalties which would negatively impact the Company's financial condition and operating results. New laws and regulations or changes in tax rules and regulations or the interpretation of tax laws by the courts or the tax authorities may also have

a substantial negative impact on the Company's business. There is no assurance that the Company's current financial condition will not be materially adversely affected in the future due to such changes.

Information Technology

A failure or breach of the Company's network systems could corrupt the Company's financial or operational data and may have a material adverse impact on the Company's reputation and results of operations. Major equipment failures, natural disasters including severe weather, terrorist acts, acts of war, cyber-attacks or other breaches of network systems or security that affect computer systems within the Company's network could disrupt the Company's business functions, including the Company's exploration and development activities. The mining industry has become increasingly dependent on digital technologies. Mines and mills are automated and networked, and the Company relies on digital technologies to conduct certain exploration, development, production, processing and other activities. The mining industry faces various security threats, including cyber-security threats. Such attacks are increasing and include malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions to critical systems, unauthorized release of confidential information and corruption of data. A cyber-attack could negatively impact the Company's operations. A corruption of the Company's financial or operational data or an operational disruption of the Company's infrastructure could, among other potential impacts, result in: accidental discharge; expensive remediation efforts; distraction of management; damage to the Company's reputation or its relationship with customers, vendors and employees; or events of noncompliance, which events could lead to regulatory fines or penalties. Any of the foregoing could have a material adverse impact on the Company's reputation, profitability, future cash flows, earnings, results of operations and financial condition.

Labor Difficulties

Factors such as work slowdowns or stoppages caused by the attempted unionization of operations and difficulties in recruiting qualified miners and hiring and training new miners could materially adversely affect the Company’s business. This would have a negative effect on the Company’s business and results of operations which might result in the Company not meeting its business objectives.

Nature of Mineral Exploration and Mining

The economics of exploring and developing mineral properties are affected by many factors including capital and operating costs, variations of the grades and tonnages of ore mined, fluctuating mineral market prices, costs of mining and processing equipment and such other factors as government regulations, allowable production, importing and exporting of minerals and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. The operations of the Company are also subject to all of the hazards and risks normally incidental to exploration and development of mineral properties, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. The activities of the Company may be subject to prolonged disruptions due to inclement or hazardous weather conditions depending on the location of operations in which the Company has interests. Hazards, such as unusual or unexpected geological formations, rock bursts, formation pressures, cave-ins, flooding, or other conditions may be encountered in the drilling and removal of material. Other risks include, but are not limited to, mechanical equipment performance problems, industrial accidents, labor disputes, drill rig shortages, the unavailability of materials and equipment, power failures, hydrological conditions, earthquakes, fires, landslides, and other Acts of God. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially, its financial position.

Estimates of Mineral Resources and Mineral Reserves

Mineral reserves and mineral resources are estimates only, and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that mineral reserves can be mined or processed profitably. Mineral reserve and mineral resource estimates may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing and other relevant issues. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data, the nature of the ore body and of the assumptions made and judgments used in engineering and geological interpretation. These estimates may require adjustments or downward revisions based upon further exploration or development work or actual production experience. Fluctuations in commodity prices, results of drilling, metallurgical testing and production, the evaluation of mine plans after the date of any estimate, permitting requirements or unforeseen technical or operational difficulties, may require revision of mineral reserve and mineral resource estimates. Prolonged declines in the market price of copper (or applicable by-product metal prices) may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and could materially reduce the Company's mineral reserves. Should reductions in mineral resources or mineral reserves occur, the Company may be required to take a material write-down of its investment in mining properties, reduce the carrying value of one or more of its assets or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Mineral resources and mineral reserves should not be interpreted as assurances of mine life or of the profitability of current or future operations. There is a degree of uncertainty attributable to the calculation and estimation of mineral resources and mineral reserves and corresponding grades being mined and, as a result, the volume and grade of mineral reserves mined and processed, and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral reserves and mineral resources, or of the Company's ability to extract these mineral reserves, could have a material adverse effect on the Company's results of operations and financial condition. Mineral resources are not mineral reserves and have a greater degree of uncertainty as to their existence and feasibility. There is no assurance that mineral resources will be upgraded to proven or probable mineral reserves.

Competition

There is significant competition in the base and precious metals mining industries for mineral rich properties that can be developed and produced economically, the technical expertise to find, develop, and operate such properties, the labor to operate the properties and the capital for the purpose of funding such properties. Many competitors not only explore for and mine metals but conduct refining and marketing operations on a global basis. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its projects. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future. Increased competition can result in increased costs and lower prices for metal and minerals produced and reduced profitability. Consequently, the revenues of the Company, its operations and financial condition could be materially adversely affected. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Conflicts of Interest

The directors and officers of the Company may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Company. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director is required by the *Business Corporations Act* (British Columbia) to disclose the conflict of interest and to abstain from voting on the matter.

Failure to further develop Punitaqui may result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Risks and unknowns inherent in all projects include, but are not limited to: the accuracy of mineral reserve and mineral resource estimates; metallurgical recoveries; geotechnical and other technical assumptions; capital and operating costs of ongoing production of the project; the future price of commodities; environmental compliance regulations and restraints; political climate and/or governmental regulation and control; the accuracy of engineering; the ability to manage large-scale construction and scoping of major projects, including delays, aggressive schedules and unplanned events and conditions. The capital expenditures and time period required to further develop Punitaqui are considerable and changes in costs and market conditions or unplanned events or construction schedules can affect project economics. The Company's ability to maintain licenses to operate the Punitaqui is also important to the success of this project. Actual costs and economic returns may differ materially from estimates prepared by the Company, or the Company could fail or be delayed in obtaining all approvals necessary for execution of the project, in which case, the project may not proceed either on its original timing or at all. In addition, Punitaqui may not demonstrate attractive economic feasibility at low commodity prices. The capital costs for Punitaqui may outweigh the Company's capital, financial and staffing capacity and may adversely affect the development of the Punitaqui. The inability to further develop Punitaqui could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects. Projects also require the successful completion of feasibility studies, the resolution of various fiscal, tax and royalty matters, the issuance of, and compliance with, necessary governmental permits and the acquisition of satisfactory surface or other land rights. It may also be necessary for the Company to, among other things, find or generate suitable sources of water and power for the project, ensure that appropriate community infrastructure is developed by third parties to support the project and to secure appropriate financing to fund these expenditures. It is also not unusual in the mining industry for mining operations to experience unexpected problems during the start-up phase, resulting in delays and requiring the investment of more capital than anticipated.

If the Company is not able to obtain any additional financing required to advance exploration and development at Punitaqui, it may be required to reduce the scope of its planned business objectives which may have a material adverse effect on its future prospects.

The Company will have various exploration and development expenditures as it proceeds to expand exploration and development activities at its mineral properties, develop any such properties or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to it. The continued exploration and future development of the Company's exploration and development-stage properties will therefore depend on the Company's ability to obtain the required financing. In particular, any potential development of its projects will require substantial capital commitments, which the Company cannot currently quantify and may not currently have in place. The Company can provide no assurance that it will be able to obtain financing on favorable terms or at all. In addition, the Company may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the metals & mining industry in particular), the price of copper on the commodities markets (which will impact the amount of asset-based financing available) and/or the loss of key management personnel. If the Company is unable to obtain additional financing as needed, it may not be able to move forward with its planned exploration and development activities for Punitaqui. Any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

International Conflict

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global commodity and financial markets and supply chains. Russia's recent invasion of Ukraine has led to sanctions being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on commodity prices, supply chains and global economies more broadly. Volatility in commodity prices and supply chain disruptions may adversely affect the Company's business, financial condition and results of operations. The extent and duration of the current Russia-Ukraine conflict and related international action cannot be accurately predicted at this time and the effects of such conflict may magnify the impact of the other risks identified in this MD&A, including those relating to commodity price volatility and global financial conditions. The situation is rapidly changing and unforeseeable impacts, including on our shareholders and counterparties on which we rely and transact with, may materialize and may have an adverse effect on the Company's business, results of operation and financial condition.

Although the Company has attempted to identify important factors that could cause actual results or events to differ materially from those described in the forward-looking statements, you are cautioned that this list is not exhaustive and there may be other factors that the Company has not identified. Furthermore, the Company undertakes no obligation to update or revise any forward-looking statements included in, or incorporated by reference in, this MD&A if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.

Risk Factors related to ESI

Reliance on Key Personnel

The success of ESI is dependent upon its key personnel. Any loss of the services of such persons could have a material adverse effect on the business and operations of ESI. ESI's ability to provide dependable and quality equipment is dependent on its ability to hire and retain a dedicated and quality pool of employees. ESI strives to retain employees by providing a safe working environment, competitive wages and benefits, and an atmosphere in which all employees are treated equally regarding opportunities for advancement. The unexpected loss of key personnel or the inability to retain or recruit skilled personnel could have a material adverse effect on ESI's business, financial condition, results of operations and cash flows.

Excess Equipment Levels in the Industry

Due to the long-life nature of service equipment and the long delivery time for equipment being manufactured, the quality of equipment available does not always correspond with the demand for its use. Periods of high demand often lead to increases in capital expenditures, which in turn lead to increased supply and decreased demand. Such increases in supply often lead to downward pricing pressures across the industry which could materially impact the ESI's profitability. Additionally, ESI could fail to secure sufficient work in which to employ its equipment, which could have a material adverse effect on its business, results of operations, financial conditions, and cash flows.

Competition

The industry in which ESI operates is competitive and ESI competes with a substantial number of companies which may have more equipment and personnel as well as greater financial resources. ESI's ability to generate revenue and earnings depends primarily upon its ability to secure new and repeat business. There can be no assurance that such competitors will not substantially increase the resources devoted to the development and marketing of products and services that compete with those of ESI or that new or existing competitors will not enter the various markets in which ESI is active. In certain aspects of its business, ESI also competes with several small and medium-sized companies, which, like ESI, have certain competitive advantages such as low overhead costs and specialized strengths. In addition, reduced levels of activity in the oil and natural gas industry can intensify competition and may result in lower revenue for ESI.

Sources, Pricing and Availability of Equipment and Equipment Parts

ESI sources its equipment and equipment parts from a variety of suppliers. Failure of suppliers to deliver supplies and materials in a timely and efficient manner would be detrimental to ESI's ability to maintain levels of service to its customers. ESI attempts to mitigate this risk by maintaining good relations with key suppliers. However, if the current suppliers are unable to provide the supplies and materials, or otherwise fail to deliver products in the quantities required, any resulting delays in the provision of equipment to ESI's clients could have a material adverse effect on its results of operations and financial condition.

Liquidity Risk

Liquidity risk is the risk that ESI will not be able to meet its financial obligations as they fall due. ESI's approach to managing liquidity is to continually monitor its financial resources to provide sufficient liquidity to meet its liabilities when due. ESI's processes for managing liquidity risk include preparing and monitoring capital and operating budgets, coordinating, and authorizing project expenditures, and authorization of contractual agreements. ESI seeks to manage its financing based on the results of these processes.

Third Party Credit Risk

ESI assesses the creditworthiness of its customers on an ongoing basis and monitors the amount and age of balances outstanding. ESI views the credit risks on these amounts as normal for the industry. The carrying amount of accounts receivable represents the maximum credit exposure on this balance. During times of weak economic conditions, the risk of increased payment delays and default increases due to reductions in customers' cash flows. Failure to collect accounts receivable from customers could have a material adverse effect on ESI's business, financial condition, results of operations and cash flows. ESI generally grants unsecured credit to its customers; however, it evaluates all new customers, as appropriate, and analyzes and reviews the financial health of its current customers. Management has assessed the customers as creditworthy and ESI has had no history of collection issues with its customers, however, the inability for ESI's customers to meet their financial obligation to ESI could have a material adverse effect on its business, financial condition, results of operations and cash flows.

Seasonality

In North America, the level of activity in the energy industry is influenced by seasonal weather patterns. The demand for equipment rentals may be affected by the severity of winters. In addition, during excessively rainy periods, equipment moves may be delayed, thereby adversely affecting revenues. The volatility in the weather and temperature can therefore create unpredictability in activity and utilization rates, which could have a material adverse effect on ESI's business, financial condition, results of operations and cash flows.

Income Tax Risk

ESI has risks for income tax matters, including the unanticipated tax and other expenses and liabilities of ESI due to changes in income tax laws. ESI must file tax returns in the jurisdictions in which it operates. The tax laws and the prevailing assessment practices are subject to interpretation and the authorities may disagree with the filing positions adopted by ESI. The impact of any challenges cannot be reliably estimated and may be significant to the financial position or overall operations of ESI.

Disclosure controls and procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2022 and this accompanying MD&A.

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Forward looking statements

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, the impact of COVID-19 on the future of the Company, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Readers are cautioned that these statements which describe the Company's plans, objectives, and budgets may differ materially from actual results and as such should not be unduly relied upon by investors. Forward-looking statements contained in this MD&A speak only as to the date of this MD&A, or such other date as may be specified herein, and are expressly qualified in their entirety by this cautionary statement. See additional discussion under *"Other risks and uncertainties"* section.