

# QUADRO RESOURCES LTD.

(the “Company” or “Quadro”)

FORM 51-102F1

## MANAGEMENT DISCUSSION & ANALYSIS

FOR THE SIX MONTHS ENDED JANUARY 31, 2023

The following management discussion and analysis (“MD&A”) has been prepared by management as of March 20, 2023 and should be read in conjunction with the unaudited interim financial statements and related notes of the Company for the six month period ended January 31, 2023 and the audited financial statements and related notes of the Company for the year ended July 31, 2022. The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All amounts are stated in Canadian dollars unless otherwise indicated.

### FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking information and statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions as at the date of this MD&A. The words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential”, “interprets”, “may”, “will” and similar expressions identify forward-looking statements. Information concerning the interpretation of drill results may also be considered a forward-looking statement; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The forward-looking statements reflect the current beliefs of the management of the Company, and are based on currently available information. Readers are cautioned not to place undue reliance on these statements as they are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, such forward-looking statements. The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

### OVERVIEW

Quadro Resources Ltd. was incorporated under the laws of British Columbia and currently trades on the TSX Venture Exchange (the “TSX-V”) under the symbol “QRO”, on the OTCQB under the symbol “QDROF”, and on the Frankfurt Stock Exchange under the symbol “G4O2”. The Company's principal business activity is the exploration and development of mineral properties.

On November 22, 2022, the Company consolidated its common share on a 3:1 basis. The shares represented in this MD&A reflect the 3:1 common share consolidation.

The Company holds a 100% interest in the Staghorn property, located in Newfoundland and Labrador, through a purchase agreement with Metals Creek Resources Corp. (“Metals Creek”) and Benton Resources Inc. (“Benton”) in 2017. In addition, the Company holds a 100% interest in the Costigan Lake property located in central Newfoundland, which was acquired by staking. In November 2019 the Company entered into an option agreement to acquire a 100% interest in the Long Lake property, located in Newfoundland and Labrador, by making staged cash payments totaling \$100,000 (\$50,000 paid) and share issuances totaling 1,666,667 common shares over three years (1,000,000 common shares issued). The Staghorn property together with the Costigan Lake property and the Long Lake property form the Company's Victoria Lake Project. In June 2022, the Company entered into an option agreement with TRU Precious Metals Corp. (“TRU”), giving TRU the option to acquire up to an aggregate 65% interest in the Staghorn property (the “Staghorn Option”).

In February 2020, the Company entered into a letter of intent (“LOI”) whereby the Company has the option to acquire a 70% interest in the Seagull Lake property near Thunder Bay, Ontario, by making staged cash payments totaling \$275,000 (\$50,000 paid), issuing 2,166,667 common shares (333,333 common shares issued) and spending \$1,550,000 of exploration expenditures over three years. Upon the Company earning the 70% interest, the Company and the optionor will form a joint venture for the further development of the property. On January 11, 2021, the Company announced that it had withdrawn from the Seagull option agreement signed February 18, 2020.

On October 8, 2020, the Company signed a LOI with Metals Creek to earn a 100% interest in the Careless Cove and Yellow Fox properties in Newfoundland. To exercise its option, the Company is required to pay Metals Creek a total \$100,000 (\$35,000

paid) and 500,000 common shares of the Company (200,000 shares issued) over three years. On July 26, 2022, the Company signed an agreement amending the terms of the August 11, 2020 Yellow Fox/Careless Cove letter of intent with Metals Creek. Under the terms of the amending agreement, and subject to TSX Venture Exchange approval, in lieu of the second anniversary cash payment of \$20,000, Quadro will issue to Metals Creek 166,667 additional common shares of the Company for a total of 300,000 common shares at a deemed price of \$0.12 per share. On September 1, 2022, the Company issued 300,000 common shares to Metals Creek for the Careless Cove/Yellow Fox properties.

On July 26, 2021, the Company signed a binding LOI with Buchans Minerals Corporation (“BMC”) for the gold prospective Tulks South Property (the “Property”), located proximal to Quadro’s Long Lake project, Newfoundland. The LOI sets out a proposed transaction (the “Proposed Transaction”) pursuant to which Quadro has acquired from BMC an option to acquire a 51% interest (the “Initial Option”) in BMC’s claims which comprise the Property, followed by the right to acquire an additional 19% interest (the “Second Option” or “Joint Venture”) in the event that BMC elects not to participate in work programs after Quadro has earned its initial 51% interest.

In addition, the Company holds a one-third ownership in a 41-claim license located in the St. Anthony area on the Great Northern Peninsula, Newfoundland and Labrador.

### IMPACT OF COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. It has adversely affected global workforces, economies, and financial markets, triggering an economic downturn. The health and economic effects of this pandemic have been catastrophic. While the Company is a development stage enterprise and is not reliant on revenue streams to fund operations, the effects of the pandemic may impact the Company’s operations moving forward. While the extent of the impact on the Company to-date has not been material, we anticipate that this outbreak may cause supply chain disruptions, staff shortages and increased government regulations, all of which may negatively impact the Company’s business and financial condition.

## **MINERAL EXPLORATION ACTIVITIES**

### **Victoria Gold Project, Newfoundland**

The Company’s Victoria Lake Gold project is located in west-central Newfoundland and comprises the 100% owned Staghorn property, the Long Lake property, and the Costigan Lake property. Quadro recently optioned the Tulks South Property and this added another 212 claim units to the package.

#### Staghorn Property

Quadro Resources is focused on the gold rich Cape Ray Fault system, described as one of the most prospective but underexplored regions in Canada. Its main asset is a 100% interest in the Staghorn Gold project. Located in west-central Newfoundland, the project comprises the Staghorn property and the recently optioned Long Lake property. Both properties cover portions of the auriferous Cape Ray Fault system which hosts a number of active gold exploration programs including Marathon Gold’s Valentine Lake deposits (3.14 Moz measured and indicated (56.7 Mt at 1.72 g/t Au) and 1.64 Moz inferred (29.6 Mt at 1.72 g/t Au). (*Mineralization hosted on adjacent and/or nearby properties is not necessarily indicative of mineralization hosted on the Company’s property.*)

Quadro has a 100% interest in the Staghorn claim package of 133 claim units covering 4000 hectares (40 sq. km) with a 12 km strike length of the auriferous Cape Ray Fault Zone, located between Marathon Gold’s Valentine Lake deposits and Matador’s Cape Ray deposits.

The Marks Pond Gold Horizon has been extended to over 600m in strike length and has proven continuity down dip. The most significant aspect of 2021 was the discovery of a lower zone of high-grade mineralization with visible gold below the main zone. Additional drilling is planned to follow up on the high-grade lower zone and wide step out drilling on the Marks Pond Horizon where a number of gold-in-soil anomalies remain to be tested.

#### Drilling to date:

- Jul-Oct 2021 – 891 meters in four holes. A high of 29.1 g/t Au over 0.35 m within a 57.0 m wide zone grading 0.33 g/t Au and 1st definitive visible gold, below the main zone; 1.95g/t Au over 6 m; 1.1 g/t Au over 5.0 m including 1.8 g/t Au over 3.0 m, thus extending the Marks Pond Horizon 200 m to the southwest for a total of 626 m strike length.

- Feb-Apr 2021 – 1403 meters in ten holes, all targeted on the Marks Pond gold zone. The drilling consisted of a series of 50-meter spaced step-out and undercut holes to the northeast of the discovery hole MP20-02. Drilled in late 2020, this hole intersected a gold zone assaying 3.22 g/t Au over 5.0 m, within a wider intersection of 1.98 g/t Au over 12.0 m. Another hole intersected 20.37 g/t Au over 0.5 m and 3.89 g/t Au over 2.5 m in undercut drill holes. These holes were revisited for under drilling in Sep-Oct 2021.
- Sep-Dec 2020 – 1696 meters in thirteen holes. The drilling tested two of four soil anomalies in the Marks Pond area and attempted to expand on the Ryan’s Hammer mineralization previously tested in 2018 at Staghorn. The highlight of the program was the discovery of a new gold zone at Mark’s Pond where hole MP20-02 intersected 10.1 g/t over 1.0m within a wider interval of 3.22 g/t Au over 5.0 m.
- Nov-Dec 2018 – 887 meters in five holes focused on completing a fence of holes across the Cape Ray structure at Ryan’s Hammer, Staghorn. This drilling combined with previous drilling to the east partially outlined two wide gold trends with only one drill cut in each trend.
- Nov-Dec 2017 – 1466 meters in nine holes focused on the Woods Lake Zone, Staghorn. This program confirmed the widespread extent of an auriferous altered granodiorite within a flexure of the Cape Ray fault and required additional drilling to better define higher grade zones within the package.

QA/QC – Quadro has implemented a quality control program on its drill programs at the Staghorn Project to ensure best practice in sampling and analysis. Quadro maintains strict quality assurance/quality control protocols including the systematic insertion of certified standard reference and blank materials into each sample batch. Analyses in this release were performed by Actlabs of Ancaster, ON, with ISO 17025 accreditation. All samples were assayed using industry-standard assay techniques for gold. Gold was analyzed by a standard 30 gram fire assay with an AA finish.

Quadro acknowledges the financial support of the JEA Program, Department of Natural Resources, Government of Newfoundland and Labrador.

In June 2022, the Company entered into an option agreement with TRU Precious Metals Corp. (“TRU”), giving TRU the option to acquire up to an aggregate 65% interest in the Staghorn property (the “Staghorn Option”). In order for TRU to exercise the Initial Option of 51% interest in the Property, TRU shall make the following payments, shall cause the following shares to be issued and in the name of Quadro (the “Purchase Price”) and shall incur an aggregate of \$1,100,000 of exploration expenditures (subject to certain adjustments) (the “Exploration Expenditures”), including at least an aggregate of \$660,000 worth of drilling activities on the Property (the “Initial Drilling Commitments”) on or before the corresponding dates set forth below.

- On three days following Exchange approval (the “Effective Date”): the issuance of \$100,000 in TRU shares, such TRU shares to have a deemed issue price per TRU share equal to the greater of: (a) the VWAP of the TRU shares (VWAP meaning the volume-weighted average trading price of the TRU shares on the Exchange for the twenty previous consecutive trading days); and (b) the lowest discounted price permitted pursuant to the policies of the Exchange;
- On or before the one year anniversary of the Effective Date: (i) the payment of \$25,000 in cash; and (ii) the issuance of a further \$100,000 in TRU shares, such TRU shares to have a deemed issue price per TRU share equal to the greater of: (a) the VWAP of the TRU shares; and (b) the lowest discounted price permitted pursuant to the policies of the Exchange; and (iii) incur Exploration Expenditures of an aggregate of \$200,000;
- On or before the two year anniversary of the Effective Date: (i) a further payment of \$100,000 in cash; (ii) the issuance of a further \$150,000 in TRU shares, such TRU shares to have a deemed issue price per TRU share equal to the greater of: (a) the VWAP of the TRU shares; and (b) the lowest discounted price permitted pursuant to the policies of the Exchange; and (iii) incur Exploration Expenditures of an aggregate of a further \$300,000; and
- On or before the three year anniversary of the Effective Date, incur Exploration Expenditures of an aggregate of a further \$600,000.

On August 18, 2022, the Company closed the definitive option agreement dated June 15, 2022 (the “Option Agreement”) with TRU. Pursuant to the terms of the Option Agreement, TRU has the option to acquire up to an aggregate 65% ownership in Quadro’s Staghorn Project (the “Staghorn Project”) located in central Newfoundland. TRU has issued 1,084,171 common shares to Quadro in respect of the first share issuance due under the Option Agreement. The deemed price of such issuance shares is approximately \$0.092 per share, representing the volume-weighted average trading price of TRU’s common shares on the Exchange for the 20 previous consecutive trading days. All common shares issued pursuant to the terms of the Option Agreement are subject to a hold period under applicable securities laws for a period of four months plus one day from the date of issuance.

During the year ended July 31, 2022, the company recorded \$7,250 asset retirement obligations on this property. As the restoration tasks were to be completed shortly after the year end that the amount was not discounted.

On November 28, 2022, the Company announced high grade gold results from recent work completed by TRU on TRU's recently optioned Staghorn property in Central Newfoundland (see TRU's news release dated November 23, 2022). This work was completed within the Staghorn option along the Mark's Pond Shear zone and within the Rich House Mineral occurrence further to the Northeast. This zone was first identified in 2018 by Quadro technical staff during the execution of a short trenching program. Follow up work including diamond drilling was then able to confirm the presence of a broad, extensive shear zone with multiple parallel high strain gold bearing structures which remains open to the North and along strike to the Northeast and the Southwest. Quadro is pleased that ongoing cooperation between TRU and Quadro's technical staff was successful in delineating additional parallel gold bearing trends within the Mark's Pond zone.

### Long Lake Property

The Long Lake property comprises 272 claim units covering 6800 hectares (68 sq. km). Quadro has an option to earn a 100% interest in this property located proximal to Marathon Gold's Valentine Lake deposits. The property is located along the northwest boundary of the Marathon Gold project within an under-explored belt of mineralized volcano-sedimentary and intrusive rocks. Highlights from the property includes two areas of strong gold in soil and tills. The property provides an opportunity for new gold discoveries in the emerging Cape Ray Gold district and is complimentary to Quadro's Staghorn claims located 35 km southeast of the newly acquire claims.

Previous work on the property dates back to 2005 when soil sampling outlined a number of gold anomalies. The historic geochemical survey was part of an on-going volcanogenic massive sulphide (base metal) program which kept the ground tied up until recently. No follow-up was carried out during that time and the area came open for staking in early 2019. The claims were staked by the underlying vendors who took two till samples in the area of the higher gold-in soil anomaly.

#### Drilling to date:

- Jul-Oct 2021 – Discovery of a new gold zone intersected from the inaugural exploration drill program at its Long Lake property, located in Central Newfoundland. The drill program consisted of five holes (757 meters) designed to test the Ricky Gold Target. Intersections included 3.68 g/t Au over 5.4 m from hole R-021-01 on the eastern end of the target and 31.7 g/t Au over 0.5 m from hole R-021-04 located 500m to the west.

During the year ended July 31, 2022, an impairment charge of \$865,707 was recorded against the property due to cancelled claims. The impairment charge resulted in \$1 nominal value on the property. Subsequent to the year ended July 31, 2022, on October 13, 2022, the Company filed a grievance with the Newfoundland Mineral Rights Adjudication Board (the "Board"). The Company is requesting that the cancellation be rescinded. The Board has 90 days to respond. The Company expects a decision from the Board in January 2023. On November 23, 2022, the Company issued 666,667 common shares and \$50,000 in connection with the Long Lake option. On December 8, 2022, the Company issued a news release announcing the cancelled claims. As of the date of this report, the Board had not ruled on the grievance filing.

QA/QC – Quadro has implemented a quality control program on its drill programs at the Long lake Project to ensure best practice in sampling and analysis. Quadro maintains strict quality assurance/quality control protocols including the systematic insertion of certified standard reference and blank materials into each sample batch. Analyses in this release were performed by Actlabs of Ancaster, ON and Eastern Analytical of Springdale, NL with ISO 17025 accreditation. All samples were assayed using industry-standard assay techniques for gold. Gold was analyzed by a standard 30 gram fire assay with an AA finish.

### **Careless Cove/Yellow Fox Property, Newfoundland and Labrador**

The Careless Cove property consists of 40 claim units comprised of two claim blocks: Careless Cove and Yellow Fox. Quadro has an option to earn a 100% interest in the Yellow Fox and Careless Cove properties. Previous work on the two claim blocks resulted in gold mineralization up to 11.38g/t Au and 59.413 g/t Au. The property is located within the Central Newfoundland Gold Belt, eleven km southwest of New Found Gold Corp.'s ("NFG") Keats Zone where drilling is defining a very high grade mineralized zone which includes recent intersections up to 261.3 g/t Au over 7.2m and 146.2 g/t Au over 25.6m. Quadro's claims are partially surrounded by NFG's Queensway Project and are immediately west of the south-southwest striking Appleton Fault Zone corridor, which hosts the Keats Zone mineralization. Other nearby explorers include Labrador Gold Corp. and Sokoman Minerals Corp. Quadro's 2022 work programs will include sampling, prospecting, and reconnaissance drilling. Initial work on these claims in 2021 consisted of soil geochemistry and prospecting. (*Mineralization hosted on these established operations is not necessarily indicative or representative of the mineralization that may be hosted on the Company's property*).

On July 26, 2022, the Company signed an agreement amending the terms of the August 11, 2020 Yellow Fox/Careless Cove letter of intent with Metals Creek Resources Corp. ("Metals Creek"). Under the terms of the amending agreement, and subject to TSX Venture Exchange approval, in lieu of the second anniversary cash payment of \$20,000, Quadro will issue to Metals

Creek 166,667 additional common shares of the Company for a total of 300,000 common shares at a deemed price of \$0.12 per share.

### **Tulks South Property, Newfoundland and Labrador**

Quadro has an option to acquire an initial 51% interest in the Tulks South claims. The Tulks Property consists of 212 claim units covering a portion of the Tulks volcanic belt. These claims are tied onto Quadro's Long Lake property and the entire package now consists of 482 units (120.5 sq km) covering a broad Monzonite intrusive unit which trends northeast across the properties. This unit is parallel to the Valentine Lake Monzonite which hosts Marathon Gold's Valentine Lake deposits located 7 km to the southeast of the Quadro claims. (Total Measured Mineral Resources (inclusive of the Mineral Reserves) comprise 1.9 Moz (31.7 Mt at 1.86 g/t) with Indicated Mineral Resources (inclusive of the Mineral Reserves) of 1.19 Moz (23.2 Mt at 1.60 g/t). Additional Inferred Mineral Resources are 0.96 Moz (16.77 Mt at 1.78 g/t Au). (N.I. 43-101 Technical Report & Pre-Feasibility Study on the Valentine Gold Project Newfoundland and Labrador, Canada Report date: April 21, 2020 Effective date: April 18, 2020 Prepared for: Marathon Gold Corporation 10 King St. East, Suite 501, Toronto, ON, M5C 1C3 Prepared by: Ausenco Engineering Canada). *(Mineralization hosted on these established operations is not necessarily indicative or representative of the mineralization that may be hosted on the Company's property.)*

Previous work in 2020, by Quadro, on the Long Lake project included soil sampling and prospecting which defined a 700 m long gold target (Ricky Target) highlighted by a strong Au-in-soil anomaly and a number of float samples with values up to 33.65 g/t Au (see Quadro press releases dated January 5, 2021, and November 30, 2020, for more details). Geophysics, prospecting and geochemistry carried out in 2021 and was expanded to cover the Tulks South claims. Detailed ground magnetics and induced polarization have been completed on the Ricky target.

### **Conche Property, Newfoundland**

The Company holds a one third interest in a 41-unit claim license in the St. Anthony area on the Northern Peninsula, Newfoundland, and Labrador. Quadro is the operator of the project.

In June, 2018, reconnaissance prospecting carried out on crown land and led by three personnel of Quadro, Metals Creek and Benton discovered a new galena, copper, zinc and fluorite showing with strike length potential of greater than 300 meters. Assay results had highs of 192 g/t Ag, 15.5% Pb, 0.45% Cu and 0.26% Zn. Quadro, Metals Creek and Benton decided to jointly stake the Conche property and have subsequently reduced the property to six units covering the main showing. A follow-up soil sampling program and prospecting/geological mapping is proposed.

### **Qualified Person**

The technical contents in this document have been reviewed and approved by Wayne Reid, P. Geo., V.P. Exploration for Quadro, a qualified person as defined by National Instrument (NI) 43-101.

## **DISCUSSION OF OPERATIONS**

Quadro is an exploration stage company and has no operating revenue. Expenditures related to exploration and evaluation assets are capitalized.

### Six month ended January 31, 2023

During the six months ended January 31, 2023, the Company incurred \$119,333 (2022 - \$44,000) in acquisition costs and \$20,853 (2022 - \$510,068) in exploration expenditures. The details of the mineral expenditures are included in the Note 6 to the financial statements

During the six months ended January 31, 2023, the Company had a net loss of \$204,131 compared to a net income of \$132,852 for the six months ended January 31, 2022. The increase in net loss during the six months ended January 31, 2023 was mostly due to lower flow-through premium recovery of \$1,312 (2022 - \$98,613).

During the six ended January 31, 2023, the Company had general operating expenses of \$205,443 (2022 - \$231,465). The decrease in general operating expenses was due to the decrease in corporate activities during the current year and the variance was mainly attributable to:

- Consulting fees of \$14,800 (2022 - \$37,600) include fees paid to contract consultants for corporate and administrative work

and to marketing advisory firms.

- Management fees of \$69,000 (2022 - \$77,000) have decreased from the same period of fiscal year 2022.
- Office and miscellaneous of \$4,602 (2022 - \$27,382) have decreased from the same period of year 2022 due to the decrease in corporate activities in the 2022.

### Three months ended January 31, 2023

During the three months ended January 31, 2023, the Company reported a net loss of \$128,201 compared to a net loss of \$149,272 for the three months ended January 31, 2022. The decrease in general operating expenses was due to the decrease in mineral property and corporate activities during the current quarter and the variance was mainly attributable to the following accounts: consulting of \$8,800 (2022 - \$20,306), management fees of \$36,000 (2022 - \$39,500) and office and miscellaneous of \$2,140 (2022 - \$23,042).

## SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited financial information for the Company's eight most recent quarters ending with the last quarter for the six months ended on January 31, 2023.

	For the Three Months Ending							
	Fiscal 2023		Fiscal 2022				Fiscal 2021	
	Jan. 31, 2023	Oct. 31, 2022	Jul. 31, 2022	Apr. 30, 2022	Jan. 31, 2022	Oct. 31, 2021	Jul. 31, 2021	Apr. 30, 2021
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Total revenues			-	-	-	-	-	-
Income (loss) from continuing operations	(128,201)	(75,930)	(918,257)	(98,257)	(149,272)	16,420	51,896	(444,546)
Net income (loss)	(128,201)	(75,930)	(918,257)	(98,257)	(149,272)	16,420	51,896	(444,546)
Income (loss) from continuing operations per share - basic and diluted	(0.00)	(0.01)	(0.03)	(0.00)	(0.01)	0.00	0.00	(0.02)
Net income (loss) per share - basic and diluted	(0.00)	(0.01)	(0.03)	(0.00)	(0.01)	0.00	0.00	(0.02)

## LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2023, the Company had a cash balance of \$321,870 compared to \$521,629 as at July 31, 2022. The Company had working capital of \$219,387 as at January 31, 2023 compared to working capital of \$452,606 as at July 31, 2022.

During the period ended January 31, 2023, the cash balance decreased by \$199,759 (2022 - \$672,916). The Company spent \$169,773 (2022 - \$408,436) in operating activities, and \$29,986 (2022 - \$701,920) on its exploration assets. The Company received \$nil (2022 - \$456,200) of net proceeds from share issuance.

### Going Concern

At present, the Company's operations do not generate cash flow and its financial success is dependent on management's ability to continue to raise adequate financing on reasonable terms and to commence profitable operations in the future. However, management believes that it has sufficient working capital to fund its operations for the next twelve months. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets. The Company's financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

## OFF-BALANCE SHEET ARRANGEMENTS

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

## RELATED PARTY TRANSACTIONS

Included in amounts due to related parties are \$5,000 (July 31, 2022 - \$5,000) in advances from the President of the Company. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

Included in receivables are \$19,471 (July 31, 2022 - \$19,471) of sublease payment due from a company with directors in common with the Company.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel during the periods ended January 31, 2023 and 2022 is as follows:

	Six months ended	
	January 31, 2023	January 31, 2022
Geological consulting fees	\$ 6,000	\$ 36,000
Management fees	69,000	77,000
Rent	24,827	28,765
	\$ 99,827	\$ 141,765

The Company entered into the following related party transactions during the period ended January 31, 2023:

- a) Paid or accrued management fees of \$48,000 (2022 - \$48,000) to a company controlled by the Chief Executive Officer of the Company for management services provided.
- b) Paid or accrued management fees of \$21,000 (2022 - \$29,000) to the Chief Financial Officer of the Company for management services provided.
- c) Incurred geological consulting of \$6,000 (2022 - \$36,000) to a company controlled by an officer of the Company. The geological consulting fees were capitalized as Exploration and Evaluation Assets in the Statements of Financial Position.
- d) Incurred rent expenses of \$24,827 (2022 - \$28,765) to a company which a director of the Company is an officer

## SUMMARY OF OUTSTANDING SHARE DATA

The Company's issued and outstanding share capital as at the date of this report is as follows:

- (1) Authorized: Unlimited common shares without par value.
- (2) As at the date of this report, the Company has 28,511,592 common shares, 1,253,333 stock options, and 4,430,797 warrants issued and outstanding.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) The determination of the fair value of stock options and warrants using stock pricing models, require the input of highly

subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

- ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

## **FINANCIAL INSTRUMENTS**

The Company has classified cash as FVTPL, and receivables, trade and other payables and amounts due to related parties at amortized cost.

As of January 31, 2023, the carrying amounts of receivables, trade and other payables, and amounts due to related parties carried at amortized cost are considered a reasonable approximation of their fair values due to the relatively short period to maturity of these financial instruments.

### **Financial risk management**

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### *Credit risk*

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with its cash. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions. The Company's receivables consist of rental recovery due from a sublease office tenant and sales tax recoverable due from the Canadian government. Management does not expect these counterparties to fail to meet their obligations. Management does not expect these counterparties to fail to meet their obligations.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2023, the Company had a cash balance of \$321,870 to settle trade and other payables of \$116,943 and due to related parties of \$5,000. The Company's trade and other payables have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements and the exercise of stock options and warrants. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term maturity.

## **RISKS AND UNCERTAINTIES**

Exploration of mineral properties involves a high degree of risk and the successful achievement of a profitable operation cannot be assured. Costs of finding and evaluating an ore body are substantial, and may take several years to complete. The Company must overcome many risks associated with an early stage exploration property. Specific items include, but are not limited to,



identification and quantification of a commercially viable ore body, confirmation of the Company's interest in the underlying claims and leases, completion of a feasibility study, funding of all costs related to a commercial operating venture, completion of the permitting process, detailed engineering and the procurement of a processing plant, and constructing a facility to support the property. Construction and operational risks including, but not limited to, equipment and plant performance, metallurgical, environmental, cost estimation accuracy, and workforce performance and dependability will all affect the profitability of an operating property.

#### *Operating Hazards and Risks*

Mineral exploration involves many risks. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the conduct of exploration programs.

#### *Environmental Factors*

The Company currently conducts exploration activities in the Canadian Provinces of Newfoundland and Ontario. Such activities are subject to various laws, rules and regulations governing the protection of the environment. In Canada, extensive environmental legislation has been enacted by federal and provincial governments. Such legislation imposes rigorous standards on the mining industry to reduce or eliminate the effects of wastes generated by extraction and processing operations and subsequently deposited on the ground or emitted into the air or water.

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed properties and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The cost of compliance with changes in governmental regulations has the potential to preclude entirely the economic development of a property.

The Company is able to conduct its exploration within the provisions of the applicable environmental legislation without undue constraint on its ability to carry on efficient operations. The estimated annual cost of environmental compliance for all properties held by the Company in the exploration stage is minimal and pertains primarily to carrying out diamond drilling, trenching or stripping. Environmental hazards may exist on the Companies properties, which hazards are unknown to the Company at present, which have been caused by previous or existing owners or operators of the properties.

#### *Governmental Regulation*

Exploration activities on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) restrictions on production, price controls, and tax increases; (iv) maintenance of claims; (v) tenure; and (vi) expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations. Changes in such regulation could result in additional expenses and capital expenditures, availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution, and restrictions and delays in operations, the extent of which cannot be predicted.

The Company is at the exploration stage on all of its properties. Exploration on the Company's properties requires responsible best exploration practices to comply with company policy, government regulations, maintenance of claims and tenure. The Company is required to be registered to do business and have a valid prospecting license (required to prospect or explore for minerals on Crown Mineral Land or to stake a claim) in any Canadian province in which it is carrying out work.

Mineral exploration primarily falls under provincial jurisdiction. However, the Company is also required to follow the regulations pertaining to the mineral exploration industry that fall under federal jurisdiction, such as the Fish and Wildlife Act.

If any of the Company's projects are advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters.

#### *Additional Funding Requirements*

Further exploration on and development of, the Company's projects will require additional resources and funding. The Company currently does not have sufficient funds to fully develop these projects. In addition, any positive production decision, if achieved, would require significant funding for project engineering and construction. Accordingly, the continuing development of the Company's properties will depend upon the Company's ability to obtain financing through debt financing, equity financing, the joint venturing of projects, or other means. There is no assurance that the Company will be successful in obtaining the required financing for these or other purposes, including for general working capital.

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

New accounting policies

There were no new or amended IFRS pronouncements effective January 1, 2022 that impacted the Company's audited financial statements.

## **DISCLOSURE CONTROLS**

In connection with Exemption Orders issued by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificates under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification 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.

## **ADDITIONAL INFORMATION**

Additional information is available concerning the Company and its operations on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company website at [www.quadroresources.com](http://www.quadroresources.com).

## **APPROVAL**

The Board of Directors of Quadro Resources Ltd. has approved the contents of this MD&A on March 20, 2023.