

**MANAGEMENT DISCUSSION AND ANALYSIS**  
**Hilo Mining Ltd.**  
**For the six months ended November 30, 2021**

As of January 31, 2022

This Management Discussion and Analysis ("MD&A") of Hilo Mining Ltd. (the "Company" or "Hilo") provides a review of activities, results of operations and financial condition of the Company for the six months ended November 30, 2021, and is performed by management using information available as of January 31, 2022. We have prepared this MD&A with reference to National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

The unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements for the six months ended November 30, 2021 (the "Financial Statements") and the MD&A for the period from incorporation on February 2, 2021 to May 31, 2021. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. The reader will note several references cited in the text, the details of which are provided at the end of the document.

**Forward-Looking Statements**

Except for statements of historical fact, this MD&A contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar terms, or statements that certain events or conditions "might", "may", "could" or "will" occur. In particular, forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events and is subject to certain risks, uncertainties and assumptions. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information. Forward-looking statements in this MD&A include, but are not limited to, statements relating to resource estimates and our ability to raise additional capital.

Forward-looking information is based on the opinions and estimates of management at the date the forward-looking statements are made, and is subject to a variety of risks, uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in commodity prices; governmental regulation of the mining industry, including environmental regulation; geological, technical and drilling problems; unanticipated operating events; competition for and/or inability to retain qualified personnel, competition for drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for commodities; liabilities inherent in mining operations; changes in tax laws and incentive programs relating to the mining industry; and the other factors described herein under **Risk Factors**. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information, to conform such information to actual results or to changes in our expectations, except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

## **BUSINESS OVERVIEW**

Hilo is a private company incorporated under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 503 - 905 Pender Street, Vancouver, British Columbia, Canada, V6C 1L6.

The Company's principal business activities include the acquisition and exploration of mineral property assets. On April 22, 2021, the Company entered into an arrangement agreement (the "Arrangement") with Golden Independence Mining Corp. ("Golden") whereby the Company will issue 1,499,999 common shares to Golden in exchange for Golden's mining claim representing the Champ exploration property (the "Champ Property"). Under the Arrangement, Golden will distribute 1,000,000 of the common shares to its shareholders and Golden will hold 499,999 common shares of the Company. The Company completed the Arrangement on November 12, 2021.

The Company will need additional funding in the near future through equity financing to acquire new projects and further develop its existing asset. Many factors influence the Company's ability to raise funds, including the health of the capital market, the climate for mineral exploration investment and the Company's track record. Actual funding requirements may vary from those planned due to a number of factors, including the funding of new projects. Management is approaching all identifiable sources of equity capital, but there is no guarantee that the Company will be able to secure additional financings in the future at terms that are favourable.

The outbreak of the coronavirus, COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Company or its clients, employees, contractors, suppliers and other partners may be unable to conduct regular business activities for an indefinite period of time. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

## **EXPLORATION PROJECT**

### *Champ Property*

The Champ precious metals property is located 10 kilometres southwest of Castlegar, British Columbia, and consists of 5 claims totaling 1369.6 hectares. Golden has contracted an independent Qualified Person to complete an updated National Instrument 43-101 *Standards of Disclosure for Mineral Projects* technical report to support the listing of the Company's shares on a Canadian stock exchange.

## **OVERALL PERFORMANCE AND RESULTS OF OPERATIONS**

### *Three Months Ended November 30, 2021*

During the three months ended November 30, 2021, the Company had a loss of \$110,963 from operations.

As the Company does not yet generate revenue from its operations, changes in the financial performance and financial condition of the Company are driven solely by changes in the Company's expenses.

Significant items affecting expenses are as follows:

- *Consulting fees* increased by \$62,450 due to fees incurred to the former parent of the Company for setting up Hilo.
- *Filing fees* increased by \$3,125 mainly due to the initial filing fee paid to the TSX Venture Exchange ("TSX-V").
- *Management fees* increased by \$1,195 due to fees paid to the Chief Financial Officer ("CFO") for work performed on the regulatory filings of the Company.

- *Professional fees* increased by \$43,239 mainly due to legal expenses related to the TSX-V application process and the completion of the Arrangement.

#### *Six Months Ended November 30, 2021*

During the six months ended November 30, 2021, the Company had a loss of \$123,768 from operations.

As the Company does not yet generate revenue from its operations, changes in the financial performance and financial condition of the Company are driven solely by changes in the Company's expenses.

Significant items affecting expenses are as follows:

- *Consulting fees* increased by \$62,450 due to fees incurred to the former parent of the Company for setting up Hilo.
- *Filing fees* increased by \$3,125 mainly due to the initial filing fee paid to the TSX-V.
- *Management fees* increased by \$9,000 due to fees paid to the CFO for work performed on the regulatory filings of the Company.
- *Professional fees* increased by \$48,239 mainly due to legal expenses related to the TSX-V application process and the completion of the Arrangement.

### **SUMMARY OF QUARTERLY RESULTS**

For the quarter ended		Revenue	Net loss	Net comprehensive loss	Basic and diluted loss per common share
		\$	\$	\$	\$
Q2/22	November 30, 2021	-	(110,963)	-	(0.10)
Q1/22	August 31, 2021	-	(12,805)	-	(12,805)
Q4/21	May 31, 2021	-	-	-	-

The Company has yet to complete eight full quarters as it was incorporated on February 2, 2021.

### **OUTSTANDING SHARE DATA**

The Company's authorized share capital consists of an unlimited number of common shares without par value. As of the date of this MD&A, the Company has:

- 7,272,363 (November 30, 2021 – 7,262,363) common share issued and outstanding
- 47,299 (November 30, 2021 - 46,699) brokers' warrants issued and outstanding
- No stock options issued or outstanding

### **LIQUIDITY AND CAPITAL RESOURCES**

The Company does not have sufficient working capital to continue operations in the normal course for the foreseeable future and will require additional financing to remain financially solvent.

At November 30, 2021, the Company had cash of \$857,275 and a working capital of \$733,582. Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. The Company intends to finance its future requirements through equity capital. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These uncertainties cast doubt on the Company's ability to continue as a going concern.

The Company's ability to continue its operations is dependent on its success in raising equity through share issuances and/or other financing arrangements. While the Company's management has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the next twelve months and in the future.

## **RELATED PARTY TRANSACTIONS AND BALANCES**

During the six months ended November 30, 2021, the Company had the following related party transactions and balances:

- The Company expensed \$9,000 (2020 - \$nil) in management fees and \$4,828 (2020 - \$nil) in professional fees to a company that employs the CFO. As at November 30, 2021, the Company has included \$13,828 due to a company that employs the CFO for management fees and professional fees in accounts payable.
- The Company expensed \$60,000 (2020 - \$nil) in consulting fees to the former parent of the Company, Golden Independence Inc. As at November 30, 2021, the Company has included \$71,125 due to the former parent in accounts payable related to consulting fees and other reimbursable expenses as part of the Arrangement.

From incorporation on February 2, 2021 to May 31, 2021, the Company did not incur any related party transactions.

## **FINANCIAL INSTRUMENTS**

The Company's financial instruments consists of cash and accounts payable.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.
- Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e., quoted prices for similar assets or liabilities).
- Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The fair values of the Company's financial instruments approximate their carrying values due to their current nature.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

## **PROPOSED TRANSACTIONS**

At the date of this MD&A, there are no transactions outstanding that have been proposed, but not approved, by either the Company or regulatory authorities.

## **SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND NEW POLICIES**

In applying the Company's accounting policies, management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results. Please refer to the Financial Statements for a full list of policies.

### *Critical Judgments*

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the Financial Statements:

- The determination of categories of financial assets and financial liabilities; and
- The evaluation of the Company's ability to continue as a going concern.

### **RISK FACTORS**

The Company is in the mineral exploration and development business and is exposed to a number of operational, financial, regulatory, and other risks and uncertainties that are typical in the natural resource industry and common to other companies in the exploration and development stage. These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial could adversely impact the Company's business, results of operations and financial performance in future periods.

#### *Limited Operating History*

The Company has not yet commenced operations, and therefore, has no history of earnings or of a return on investment, and there is no assurance that our asset will generate earnings, operate profitably or provide a return on investment in the future. The likelihood of success of the Company must also be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Company's proposed business strategies incorporate its management's best analysis of potential markets, opportunities and difficulties that it may face. No assurance can be given that the underlying assumptions will be achieved.

#### *Disclosure Controls and Internal Control Financial Reporting*

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and CFO, as appropriate to permit timely decisions regarding public disclosure.

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Canadian Securities Administrators do not require any certification on the effectiveness of these controls at this time.

#### *Government Laws, Regulation and Permitting*

Mining and exploration activities of the Company are subject to both domestic and foreign laws and regulations governing prospecting, development, production, taxes, labour standards, occupational health, mine safety, waste disposal, toxic substances, the environment and other matters. The operations of the Company will require licenses and permits from various governmental authorities to carry out exploration and development at its project. There can be no assurance that the Company will be able to obtain the necessary licenses and permits on acceptable terms, in a timely manner or at all. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

### *Additional Financings*

The Company expects to be substantially dependent upon the equity capital markets to pursue additional investments. There can be no assurance that such financing will be available to the Company on acceptable terms or at all.

Additional equity financings may significantly dilute shareholdings of its shareholders. If the Company is not able to obtain such financing, it may not be able to expand its portfolio of assets and may not be able to execute on its business strategy.

There is no assurance that the Company will be successful in raising sufficient funds to meet its obligations or to complete proposed exploration programs or acquisitions. If the Company does not raise the necessary capital to meet its obligations under current contractual obligations, the Company may have to forfeit its interest in properties or prospects earned or assumed under such contracts.

### *Key Management and Competition*

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

### *Commodity Prices*

Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable.

### *Conflicts of Interest*

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether 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.

### *The Company will be Reliant on Third-party Reporting*

The Company relies, and will rely, on public disclosure and other information regarding the properties in which it has an interest that it receives from the owners, operators and independent experts of such operations. Such information is necessarily imprecise as it depends upon the judgment of the individuals who operate the properties, as well as those who review and assess the geological and engineering information. In addition, the Company must rely on the accuracy and timeliness of the public disclosure and other information it receives from the owners and operators of the properties, and uses such information in its analyses, forecasts and assessments relating to its own business and to prepare its disclosure with

respect to its streams and royalties. If the information provided by such third parties to the Company contains material inaccuracies or omissions, the Company's disclosure may be inaccurate and its ability to accurately forecast or achieve its stated objectives may be materially impaired, which may have a material adverse effect on the Company.

### **CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of resource properties. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

### **EFFECTIVENESS OF DISCLOSURE CONTROLS**

The Company has internal controls over financial reporting to provide reasonable assurance as to the reliability of financial reporting and that preparation of financial statements for external purposes are in accordance with IFRS. There is an inability to totally segregate duties due to the small size of the Company, but management believes these weaknesses have been mitigated through management's and directors' involvement.

### **APPROVAL**

The Audit Committee of the Company has approved the disclosure contained in this MD&A.