

## **Management Discussion and Analysis**

### **Goldblock Capital Inc.**

**For the six months ended November 30, 2021**

**The Management Discussion and Analysis (“MD&A”), prepared January 24, 2022, should be read in conjunction with the reviewed interim financial statements and notes thereto for the six months ended November 30, 2021 and 2020, of Goldblock Capital Inc. (“Goldblock” or the “Company”), which were prepared in accordance with International Financial Reporting Standards (“IFRS”). All dollar amounts referred to in this MD&A are expressed in Canadian dollars, unless otherwise noted.**

### **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this MD&A constitute “forward-looking statements” within the meaning of Canadian securities laws. Forward-looking statements reflect the Company's current views with respect to future events, are based on information currently available to the Company and are subject to certain risks, uncertainties, and assumptions, including those discussed above. Forward-looking statements include, but are not limited to, statements with respect to the success of mining exploration work, title disputes or claims, environmental risks, unanticipated reclamation expenses, the estimation of mineral reserves and resources and capital expenditures. In certain cases, forward-looking statements can be identified by the use of words such as “intends”, “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ from those expressed or implied by the forward-looking statements. Such factors include, among others, risks related to international operations, fluctuation of currency exchange rates, actual results of current exploration activities, changes in project parameters as plans are refined over time, the future price of molybdenum and other precious or base metals, possible variations in mineral resources, grade or recovery rates, accidents, labour disputes and other risks of the mining industry, delays in obtaining, or inability to obtain, required governmental approvals or financing, as well as other factors discussed under “Risk Factors”. Although the Company has attempted to identify material factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained in this Prospectus are made as of the date of this Prospectus. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company will update forward-looking statements in its management discussion and analysis as required.

### **DESCRIPTION OF BUSINESS**

Goldblock was incorporated under the laws of the Province of British Columbia on January 29, 2018. The Company was formed to acquire, explore and develop mining claims in Canada. To date the Company has entered into the Option Agreement with Seven Devils Exploration Ltd, and Multiple Metals Resources Ltd. (the “Optionors”) to earn a 100% interest in the Property, subject to a 1.5% Net Smelter Royalty to be retained by the Optionors, by making staged payments totaling \$192,500 over three years and completing exploration expenditures totaling \$450,000 over four years from the date of the Option Agreement.

The principal business of the Company is the exploration of natural resource properties.

The following information regarding the Property has been summarized from a technical report entitled “Technical Report on the Copper Canyon Property, Nicole Mining Division, British Columbia, prepared for Goldblock, dated effective January 31, 2019, and prepared by D. Cullen, P.Geo., and J. Garry Clark, P.Geo., (collectively, the “author”). Messrs. Cullen and Clark are independent Qualified Persons as defined by NI 43-101. The Technical Report has been prepared in accordance with NI 43-101 and is available for inspection at the head office of the Company during normal business hours. The full Technical Report will also be made available on SEDAR at [www.sedar.com](http://www.sedar.com).

## EXPLORATION AND EVALUATION ASSETS

The Copper Canyon Property consists of 7 claims totaling 2,853.6 hectares. The claims are owned by Seven Devils Exploration Ltd, and Multiple Metals Resources Ltd. (the “Optionors”, each of which own 50% of the Property), both of Vancouver, B.C., and have been optioned to the Company under an Option Agreement dated April 25, 2018.

Under the terms of the Option Agreement, the Company has the right to earn a 100% interest in the Property, subject to a 1.5% Net Smelter Royalty (the “NSR”) to be retained by the Optionors, by making staged payments totaling \$192,500 over three years and completing exploration expenditures totaling \$450,000 over four years from the date of the Option Agreement. The Company has the right to purchase 0.5% of the NSR from the Optionors for \$1,000,000.

No permitting is required for the early stage of exploration work that is proposed. From the proposed program, if successful, the Company would identify drill targets and a Notice of Work (NOW) would be applied for.

On April 25, 2018, the Company entered into an option agreement to acquire a 100% interest in the Copper Canyon Property, located in the Nicola Mining Division of British Columbia, Canada, for the following consideration:

Date	Option payments	Exploration expenditures
April 25, 2018	Payment of \$22,500 (paid)	N/A
April 25, 2020	Payment of an additional \$20,000 (paid)	Incur \$100,000 (incurred)
July 25, 2021	Payment of an additional \$150,000 (paid)	Incur an additional \$100,000 (incurred)
April 25, 2022	N/A	Incur an additional \$250,000

Exploration expenditures in excess of the minimum amount in any period will be applied towards the next period’s minimum required amount.

The vendors will retain a 1.5% Net Smelter Royalty (“NSR”). The Company has the option to purchase 0.5% of the NSR for \$1,000,000.

During the year ended May 31, 2021, the Company amended the option agreement providing for an extension of the work commitment of \$100,000 to July 25, 2021, from April 25, 2021, and allowing for the Optionee as defined below to assume the exploration expenditure requirement. With regards to the \$250,000 in exploration expenditures that are to be incurred on the property on or before April 25, 2022, this will be partially funded by the Optionee as defined below by incurring a minimum of \$200,000 on the property on or before April 25, 2022.

A preliminary exploration work program was conducted on Copper Canyon from June 12 to June 26, 2019; as summarized:

Soil sampling grid 312 soil samples (using a soil auger) and 76 prospector rock samples were collected to test the presence of precious and base metal mineralization. Approximately 11km of Magnetometer-VLF survey were conducted in the north of the claims. 30 soil samples were from 2 lines starting at MGT and east to the claim boundary. A small grid was established along the southern boundary, consisting of four lines, then soil sampled. A 3<sup>rd</sup> was completed over part of the VLF-EM/ Magnetometer survey that was conducted in the north of the claims.

67 rock samples were collected from all over the claims with the exception of the westernmost reaches, and particularly the NW because of a lack of access. The southern boundary was prospected very closely from one side to the other, including using a drone to locate smaller patches of rocks that were not seen by prospectors.

The results from the soil sampling had peak values for Au of 82 ppb, for Ag 8.4 ppm, and Cu 810 ppm. The silver and copper peaks are significantly high and skew the percentiles for those metals slightly. At the 85% percentile the anomaly thresholds are 9.3 ppb Au, 1.4 ppm Ag, 46 ppm Cu, 15 ppb Pb, 117 ppb Zn and 8 ppb As. These are in line for the area, except for Ag and Cu, which are higher than normal for the area. Using the 85% percentile (or even 90% percentile) there are significant broad and narrow anomalies.

Of the 67 rock samples collected, the best gold assay was 12 ppb in the area of the MGT Showing, and this sample also ran 1.22% Cu. The rest were at or below the detection limit of 5 ppb gold.

The following are details of the Company's exploration and evaluation asset:

**Property Payments and Exploration Cost as of November 30, 2021**

	November 30, 2021	May 31, 2021
Acquisition cost		
Beginning of year	\$ 192,500	\$ 42,500
Additions	-	150,000
End of year	<u>192,500</u>	<u>192,500</u>
Exploration costs:		
Beginning of year	\$ 115,086	\$ 109,727
Consulting	-	4,999
Drilling	-	360
Sampling	-	-
Geophysics	-	-
Other	-	-
End of year	<u>\$ 115,086</u>	<u>\$ 115,086</u>
Option payments received – cash	(75,000)	(75,000)
Option payments received - shares	(105,000)	(105,000)
BC Exploration tax credits	(5,385)	(5,385)
	<u>(185,385)</u>	<u>(185,385)</u>
	<u>\$ 122,201</u>	<u>\$ 122,201</u>

The Company entered into an option agreement with Bullet Exploration Inc. (previously 2294253 Alberta Ltd.) (“Bullet”) (the “Optionee”), a private company, providing for it to acquire a 75% interest in the Company's Copper Canyon project. The Optionee is required to pay to Goldblock a total of \$245,000 in cash, issue a total of 1,300,000 common shares, and spend a total of \$575,000 in qualified expenditures on the Copper Canyon property, all over a three-year period.

The following is a summary of the key terms of the option agreement with the Optionee:

- (i) \$15,000 (received) cash payment to Goldblock within 14 days of signing the agreement and an additional \$10,000 cash payment (received) and the issuance of 200,000 common shares of the Optionee (received with a fair value of \$60,000) to Goldblock within 60 days of the execution of the option agreement, subject to regulatory approvals.
- (ii) On or before April 25, 2021, a cash payment of \$50,000 (received) to Goldblock and the issuance of an additional 300,000 common shares of the Optionee (received with a fair value of \$45,000) to Goldblock and a work commitment of \$125,000 (incurred) in qualifying expenditures to be incurred by the Optionee on the property on or before July 25, 2021. Note this was extended to coincide with the underlying agreement.
- (iii) On or before April 25, 2022, a cash payment of \$70,000 to Goldblock and the issuance of an additional 300,000 common shares of the Optionee to Goldblock and a further work commitment of \$200,000 in qualifying expenditures to be incurred by the Optionee on the property.

- (iv) On or before April 25, 2023, a cash payment of \$100,000 to Goldblock and the issuance of an additional 500,000 common shares of the Optionee to Goldblock and an additional work commitment of \$250,000 in qualifying expenditures to be incurred by the Optionee on the Property.

Optionee has fully met its first-year commitment obligation on the Copper Canyon property, and as of the end of the reporting period, results were still pending.

## SUMMARY FINANCIAL INFORMATION

	Six Months Ended November 30, 2021 (Unaudited)	Fiscal Year Ended May 31, 2021 (Audited)
Total Assets	\$ 363,729	\$ 400,895
Total Liabilities	\$ 79,032	\$ 35,762
Net Income	\$ (80,436)	\$ (194,113)
Shareholders' Equity	\$ 284,697	\$ 365,133
Total Common Shares	12,000,000	12,000,000

## SHARE CAPITAL

### *Authorized*

The Company is authorized to issue an unlimited number of common shares without nominal or par value.

### *Issued*

During the year ended May 31, 2019, the Company issued 2,000,000 common shares at a price of \$0.005 for proceeds of \$10,000, 2,000,000 common shares at a price of \$0.02 for proceeds of \$40,000 and a further 3,000,000 common shares at a price of \$0.05 for proceeds of \$150,000.

During the year ended May 31, 2021, the Company issued Nil, (2020 - 5,000,000) common shares at a price of \$NIL (2020 - \$0.10) for proceeds of \$0.00 (2020 - \$500,000 of which \$1,000 in proceeds was recorded as subscriptions receivable, which was received during the year ended May 31, 2020.)

During the six months period ended November 30, 2021, the Company received the Nil in subscriptions receivable.

The Company has 12,000,000 shares issued and outstanding as of November 30, 2021.

## SELECTED ANNUAL INFORMATION

	Six Months Ended November 30	Financial Years Ended May 31		
		2021	2020	2019
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Comprehensive loss	\$ (80,436)	\$ (194,113)	\$ (112,827)	\$ (26,751)
Basic and Diluted Loss per Share	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.01)
Number of common shares outstanding	12,000,000	12,000,000	12,000,000	12,000,000
<u>Statement of Financial Position data</u>				
Working capital	\$ (12,504)	\$ 67,932	\$ 407,019	\$ 629,133
Total assets	\$ 363,729	\$ 400,895	\$ 591,721	\$ 695,146

During the six months ended November 30, 2021, the Company incurred professional fees of \$Nil (Nov 30, 2020 - \$2,000) paid to the lawyer, auditor, consultant and accountant.

## SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected financial data reported by the Company for the three months ended November 30, 2021 and the previous six quarters

	Nov 30, 2021 \$	Aug 31, 2021 \$	May 31, 2021 \$	Feb 28, 2021 \$	Nov 30, 2020 \$	Aug 31, 2020 \$	May 31, 2020 \$
Current assets	66,528	66,414	103,694	74,793	344,794	437,459	439,494
Exploration and evaluation assets	122,201	122,201	122,201	217,466	227,467	152,347	152,227
Total assets	363,729	363,615	400,895	467,259	572,261	589,806	591,721
Current liabilities	79,032	55,262	35,762	18,400	58,200	54,572	32,475
Share capital	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Comprehensive loss	(23,656)	(56,780)	(194,113)	(65,202)	(21,173)	(24,012)	(38,278)
Basic loss per share	(0.00)	(0.00)	(0.02)	(0.01)	(0.00)	(0.00)	(0.00)
Outstanding shares	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000

## RESULT OF OPERATIONS

### For the three months ended November 30, 2021

During the three months ended November 30, 2021, the Company recorded a loss of \$23,656 compared to a loss of \$21,173 in the three months ended November 30, 2020. The change is mainly due to lower accounting fees.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents on November 30, 2021, was \$12,326 compared to \$130,616 at November 2020.

Cash used in operating activities during the three months ended November 30, 2021, totaled \$2,392 (2020 – \$20,763), which was attributed to the decrease in net loss during the three months period of \$18,371 (2020 – \$45,185) and the changes in the working capital items comprising of an increase in in accounts payable of \$23,770 (2020 – \$25,725)

Cash generated from financing activity during the three months ended November 30, 2021, totaled \$Nil (2020 – \$NIL).

Cash used for investing activity during the three months ended November 30, 2021, totaled \$Nil (2020 - \$NIL). Cash was used for exploration expenses on the property and advances.

The Company's ability to continue on a going concern basis depends on its ability to successfully raise additional financing. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favorable.

## **RELATED PARTY TRANSACTIONS**

The following is a summary of transactions with an officer and director of the Company:

	For the three months Ended	
	<u>November 30, 2021,</u>	<u>November 30, 2020</u>
Fees for accounting (Included in accounts payable and accrued liabilities)	\$ 3,400	\$ Nil
Management fees (Included in accounts payable and accrued liabilities)	\$ 18,000	\$ 18,000
Consulting fees	\$ Nil	\$ 2,000

## **OFF-BALANCE SHEET ARRANGEMENTS**

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

## **COMMITMENTS**

The Company is committed to certain cash payments, share issuances and exploration expenditures in connection with the acquisition of its mineral property claims as discussed under the Exploration Project section.

## **SUBSEQUENT EVENT**

None

## **STOCK OPTIONS**

The Company has nil stock options outstanding at November 30, 2021 (2020 – NIL).

### **Escrow Shares**

6,737,000 shares issued to the principals of the Company were subject to escrow conditions required by applicable securities laws and the CSE requirements. Pursuant to the terms of the escrow agreements, 10% of the escrowed shares were released from escrow on March 3, 2020. As of November 30, 2021, 1,010,550 shares were released from escrow. Period ended November 30, 2021 3,031,650 shares were held within the escrow and will be released over a period of 18 months.

## **RISKS AND UNCERTAINTIES**

In conducting its business, the Company faces a number of risks and uncertainties related to the mineral exploration industry. Some of these risk factors include risks associated with land titles, exploration and development, government and environmental regulations, permits and licenses, competition, dependence on key personnel, the requirement and ability to raise additional capital through future financings.

### **Title Risks**

Although the Company has exercised due diligence with respect to determining title to the properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests, and the permits or tenures may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. If a title defect exists, it is possible that the Company may lose all or part of its interest in the properties to which such defects relate.

## **Exploration and Development**

Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Substantial expenses are required to establish reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on the Company.

## **Competition**

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial and technical resources. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

## **Dependence on Key Personnel**

The success of the Company is currently largely dependent on the performance of the directors and officers. There is no assurance that the Company will be able to maintain the services of the directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and the prospects.

## **Future Financings**

The Company's continued operation will be dependent upon the ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained on acceptable terms. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in some or all of the properties or joint ventures, or reduce or terminate some or all of the operations.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION**

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

## **PROPOSED TRANSACTION**

On April 19, 2021, Goldblock entered into a definitive agreement with Virgin Gold Corp. (“Virgin Gold”), a private mineral exploration company exploring for gold in Guyana, pursuant to which the Company will acquire all of the issued and outstanding shares of Virgin Gold (the “Transaction”). The Transaction will be completed by way of a three - cornered amalgamation under the Business Corporations Act (British Columbia), whereby 1294320 BC Ltd., will amalgamate with Virgin Gold (the “Amalgamation”).

The Transaction will constitute a “Fundamental Change” of the Company, as defined by the policies of the CSE. As a result, the Company will be required to obtain shareholder approval, by simple majority, which it intends to seek by way of written consent. The Amalgamation will also require the approval of the shareholders of Virgin Gold.

Immediately prior to the completion of the Amalgamation, the Company will complete a share consolidation on a 2:1 basis (the “Consolidation”). In connection with the Transaction, the Company will change its name to “Golden Shield Resources Corp.” (the “Name Change”) and reconstitute its board of directors (the “Director Changes”) such that the board of the Company following completion of the Transaction (the “Resulting Issuer”) will consist of five directors, nominated by Virgin Gold.

Currently Goldblock has 12,000,000 shares issued and outstanding. Following the Consolidation, and prior to closing of the Transaction, Goldblock will have 6,000,000 shares outstanding.

In connection with the Transaction, the Company or Virgin Gold will undertake a non-brokered private placement of units for gross proceeds of at least \$5,000,000.

Goldblock advanced to Virgin Gold a non-refundable deposit of \$175,000 in cash on December 23, 2020.

The Virgin Gold agreement, which was announced May 19, 2021, is still awaiting final regulatory approval to allow the deal to proceed and obtain shareholders’ approval.