Management Discussion & Analysis for the Six Months Ended January 31, 2023

The following discussion and analysis of the financial position and results of operations for Eagle Bay Resources Corp. should be read in conjunction with the condensed interim statements for the **six months ended January 31, 2023,** which are prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS").

The effective date of this report is March 23, 2023.

All financial figures presented herein are expressed in Canadian Dollars (CDN$) unless otherwise specified.

<u>Nature of Business</u>

Eagle Bay Resources Corp. ("Eagle Bay" or the "Company") was incorporated on August 2, 2018, under the Business Corporations Act (*British Columbia*) and is in the business of acquiring, exploring, developing and evaluating mineral resource properties. The Company is in the exploration stage and has interests in properties located in British Columbia ("BC"), Canada.

On March 15, 2023, the Company's shares were listed on the Canadian Securities Exchange ("CSE") under the trading symbol "EBR".

The head office, principal address and registered and records office of the Company are located at 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2. The technical information included in this Management Discussion & Analysis ("MD&A"), unless otherwise stated, has been reviewed by Alex Knox, P. Geo, who is a Qualified Person under National Instrument 43-101 ("NI 43-101").

<u>Corporate Activities</u>

Updates for the six months ended January 31, 2023:

On October 13, 2022, Mr. Michael Schuss and Mr. Jason Birmingham were appointed as a directors of the Company.

On December 2, 2022, the Company entered into a property purchase agreement with Marvel Discovery Corp. ("Marvel"), whereby the Company has agreed to sell four claims comprising of the Prince Property to Marvel for cash consideration of $26,649.

On December 5, 2022, the Company issued 600,000 units at a price of $0.10 for gross proceeds of $60,000. Each unit was comprised of one flow-through common share and one share purchase warrant priced at $0.15 for the first 6 months and $0.20 for the last 6 months, expiring one year from date of issuance.

On February 28, 2023, the Company filed its final long form prospectus and received its final receipt from the British Columbia Securities Commission ("BCSC") on March 1, 2023.

On March 15, 2023, the Company's shares were listed on the Canadian Securities Exchange ("CSE") under the trading symbol "EBR".

Updates for the period ended July 31, 2022:

On January 10, 2022, the Company issued 500,000 common shares with a fair value of $37,500 ($0.075 per share) in connection with the acquisition of the Prince Property.

On February 16, 2022, Mr. James Ferreira and Mr. Pat Power resigned as directors of the Company.

On July 22, 2022, the Company issued 186,000 units at a price of $0.075 for gross proceeds of $13,950. Each unit was comprised of one common share and one share purchase warrant priced at $0.10 for the first 6 months and $0.15 for the last 6 months, expiring one year from date of issuance. In connection with the offering, the Company issued 200,000 compensation units, consisting of one common share and one share purchase warrant with the same terms as the warrants issued to investors.

On July 27, 2022, the Company issued 2,184,594 units at a price of $0.075 for gross proceeds of $163,845. Each unit was comprised of one common share and one share purchase warrant priced at $0.10 for the first 6 months and $0.15 for the last 6 months, expiring one year from date of issuance. In connection with the financing, $4,725 broker commissions were paid and 63,000 broker warrants were issued with the same terms as the share purchase warrants.

On July 29,2022, the Company issued 800,000 common shares with a fair value of $60,000 ($0.075 per share) in connection with the acquisition of the Wicheeda Property.

On July 29, 2022, the Company entered into an agreement with Zimtu, whereby the Company earned a 100% interest in and to 4 claims, known as the Wicheeda Property, located immediately north of the Company's existing Cap Property and adjacent to the Prince Property located approximately 85 km northeast of Prince George British Columbia. In consideration, the Company issued 800,000 common shares with a fair value of $60,000.

Selected Annual Information

The following is a summary of the financial data of the Company for the last three completed fiscal year ends, derived from the audited annual financial statements of the Company:

	For the seven months ended July 31, 2022	**For the year ended December 31, 2021**	**For the year ended December 31, 2020**
	$	$	$
Total Revenues	Nil	Nil	Nil
Loss from continuing operations	121,207	379,435	19,270
Net and comprehensive loss	121,207	380,818	19,270
Net loss per share – basic and diluted	0.00	0.01	0.00

	For the seven months ended July 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2020
Net comprehensive loss for the year	121,207	380,818	19,270
Total assets	1,466,727	1,216,124	667,990
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividend declared per share	Nil	Nil	Nil

The Company has recorded losses in each of its three most recently completed fiscal years and expects to continue to record further losses until such time as an economic resource is identified, developed, and brought into profitable commercial operation on one or more of the Company's properties or otherwise disposed of at a profit.

Business of the Company

The principal business carried on and intended to be carried on by the Company is the exploration of mineral resources on the Company's principal property, being the Cap Property, which is in the exploration stage.

To date, the Company has raised $1,326,589 through the sale of common shares.

Cap Property

Property Acquisition Details

On February 11, 2019, the Company entered into an agreement with Arctic Star Exploration Corp. ("Arctic"), whereby the Company acquired a 100% interest in and to 21 claims, known as the Cap Property, located approximately 85 km northeast of Prince George, British Columbia. In consideration, the Company issued 17,000,000 shares, valued at $640,356 in exploration expenditures on the Cap Property. At the time of the acquisition, Eagle Bay did not have any assets or liabilities.

During the seven months ended July 31, 2022, the Company staked additional 3 claims contiguous to the Cap Property.

As at January 31, 2023, the Cap Property was comprised of 9 claims (July 31, 2022 – 9 claims).

Gambier Gold Property

Property Acquisition Details

On September 21, 2021, the Company entered into an agreement with Gambier Gold Corp. ("Gambier"), whereby the Company acquired a 100% interest in and to 6 claims, known as the Gambier Gold Property, located north of the Company's existing Cap Property and adjacent to the Prince Property located approximately 85 km northeast of Prince George British Columbia by paying $150,000 (paid).

Prince Property

<u>Property Acquisition Details</u>

On October 13, 2021, the Company entered into an agreement with two vendors, whereby the Company acquired a 100% interest in and to 13 claims, known as the Prince Property, located immediately north of the Company's existing Cap Property and adjacent to the Wicheeda Property located approximately 85 km northeast of Prince George, British Columbia. In consideration, the Company paid $20,000 in cash and issued 500,000 shares with a fair value of $37,500.

On December 2, 2022, the Company entered into a property purchase agreement with Marvel Discovery Corp. ("Marvel"), whereby the Company has agreed to sell four claims comprising of the Prince Property to Marvel for cash consideration of $26,649 (received).

Wicheeda Property

<u>Property Acquisition Details</u>

On July 29, 2022, the Company entered into an agreement with Zimtu Capital Corp. ("Zimtu"), a related party, whereby the Company earned a 100% interest in and to 4 claims, known as the Wicheeda Property, located immediately north of the Company's existing Cap Property and adjacent to the Prince Property located approximately 85 km northeast of Prince George British Columbia. In consideration, the Company issued 800,000 common shares with a fair value of $60,000.

During the seven months ended July 31, 2022, the Company staked an additional claim contiguous to the Wicheeda Property.

<u>Overall Performance</u>

<u>Financings</u>

During the six months ended January 31, 2023:

i. On December 5, 2022, the Company issued 600,000 units at a price of $0.10 for gross proceeds of $60,000. Each unit was comprised of one flow-through common share and one share purchase warrant priced at $0.15 for the first 6 months and $0.20 for the last 6 months, expiring one year from date of issuance.

During the seven months ended July 31, 2022:

i. On January 10, 2022, the Company issued 500,000 common shares with a fair value of $37,500 ($0.075 per share) in connection with the acquisition of the Prince Property.

ii. On July 22, 2022, the Company issued 186,000 units at a price of $0.075 for gross proceeds of $13,950. Each unit was comprised of one common share and one share purchase warrant priced at $0.10 for the first 6 months and $0.15 for the last 6 months, expiring one year from date of issuance. In connection with the offering, the Company issued 200,000 compensation units, consisting of one common share and one share purchase warrant with the same terms as the warrants issued to investors.

iii. On July 27, 2022, the Company issued 2,184,594 units at a price of $0.075 for gross proceeds of $163,845. Each unit was comprised of one common share and one share purchase warrant priced at $0.10 for the first 6 months and $0.15 for the last 6 months, expiring one year from date of issuance. In connection with the financing, $4,725 of broker commissions were paid and 63,000 broker warrants were issued with the same terms as the share purchase warrants.

iv. On July 29, 2022, the Company issued 800,000 common shares with a fair value of $60,000 ($0.075 per share) in connection with the acquisition of the Wicheeda Property.

For additional details regarding the Company's recent financings, please refer to Note 6 of the Company's condensed interim financial statements for the six months ended January 31, 2023.

General and Administrative

Net loss for the six months ended January 31, 2023 was $197,138, compared to net loss of $178,318 for the six months ended January 31, 2022. The significant changes in expenses include:

- Administrative fees (2023: $75,000, 2022: $103,389) were higher in the previous period due to additional services required for completing the Company's private placements;
- Advertising expenses (2023: $17,973; 2022: $63,910) decreased as the Company focussed on promotion in the prior period to enable the Company to raise funds;
- Filing fees (2023: $9,690, 2022: $nil) increased for fees related to the Company working towards its listing on the CSE, and
- Legal fees (2023: $91,468, 2022: $8,971) were higher in the current period related to the preparation of the Company's long for prospectus.

Summary of Quarterly Results

The following is a summary of the results from the eight previously completed financial quarters:

	January 31, 2023	October 31, 2022	July 31, 2022	April 30, 2022
	$	$	$	$
Revenues	Nil	Nil	Nil	Nil
Net loss from continuing operations	108,911	88,227	57,401	47,514
Net and comprehensive loss	108,911	88,227	57,401	47,514
Loss per share – basic and diluted	0.00	0.00	0.00	0.00

	January 31, 2022	October 31, 2021	July 31, 2021	April 30, 2021
	$	$	$	$
Revenues	Nil	Nil	Nil	Nil
Net loss from continuing operations	89,789	88,529	103,238	110,881
Net and comprehensive loss	89,789	88,529	103,238	110,881
Loss per share – basic and diluted	0.00	0.00	0.00	0.00

Liquidity and Capital Resources

As of the date of this report, the Company has raised $1,326,589 to fund acquisitions of the Company's mineral properties and its general working capital.

The Company will require more funds to continue its exploration of mineral resource properties. As a result, the Company may have to continue to rely on equity and debt financing. There can be no assurance whether debt or equity financings will be available to the Company in the amount required at any particular time.

The Company's financial success will be dependent on the economic viability of its mineral resource properties and the extent to which it can discover and develop new mineral deposits. Such development may take several years to complete and the amount of resulting income, if any, is difficult to determine.

All of the Company's mineral resource properties are still in the exploration stage. Further development of any of the properties will only follow upon obtaining satisfactory results. Exploration and development of natural resources involve a high degree of risk and few properties which are explored are ultimately developed into producing properties. There is no assurance that the Company's exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of copper, cobalt, silver and gold from the properties. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control such as international, economic and political trends, expectations of inflation, currency exchange fluctuations and interest rates.

As at January 31, 2023, the Company had total assets of $1,432,788 (July 31, 2022: $1,466,727). The primary assets of the Company were cash of $457,969 (July 31, 2022: $493,579), exploration and evaluation assets of $967,605 (July 31, 2022: $968,454). The Company had no long-term liabilities and had working capital of $213,861 as at January 31, 2023 (July 31, 2022: $354,725).

Cash Used in Operating Activities: Cash used in operating activities during the six months ended January 31, 2023 was $91,884, compared with $15,157 used in operating activities during the six months ended January 31, 2022. Cash was mostly spent on advertising expenses and legal fees.

Cash Provided from Financing Activities: Total cash from financing activities during the six months ended January 31, 2023 was $60,000 (January 31, 2022: $456,295) from the issuance of common shares, less share issuance costs of $4,575 (January 31, 2022: $4,883) and $nil (January 31, 2022: $62,575) was used in share subscriptions.

Cash Used in Investing Activities: Total cash from investing activities during the six months ended January 31, 2023 was $849 (January 31, 2022: $195,410 used), consisting of $26,649 (January 31, 2022: $nil) from the proceeds from the sale of claims and $25,800 (January 31, 2022: $195,410) used in exploration and development of its mineral properties.

Transactions with Related Parties

Zimtu Capital Corp. ("Zimtu") is a company with common directors and management. David Hodge is the CEO, President, and a director of Zimtu as well as CEO, President, and a director of the Company. Jody Bellefleur is the Chief Financial Officer of Zimtu and the Chief Financial Officer and a director of the Company. Zimtu provides key management services to the Company and holds 40% of the Company's issued and outstanding shares.

On December 1, 2022, the Company entered into a twelve-month Management Services Agreement ("MSA") with Zimtu. Under the terms of the MSA, Zimtu provided the Company with administrative and managerial services, including corporate maintenance, continuous disclosure services, rent, and administrative services, at a rate of $12,500 per month for a period of 12 months.

On February 22, 2023, Arctic sold 4,250,000 of their 8,500,000 shares of the Company to Jody Bellefleur, Director and Chief Financial Officer of the Company and Chief Financial Officer of Zimtu, at a price of $0.02 per share.

Dahrouge Geological Consulting Ltd. ("Dahrouge") is a company with common directors and management. Jody Dahrouge is the CEO, President and a director of Dahrouge and a director of the Company. Dahrouge provides key mineral property management services to the Company.

During the six months ended January 31, 2023 and 2022, the Company incurred the following transactions with officers or directors of the Company or companies with common directors:

	2023	2022
Key management compensation*	**$**	**$**
Dahrouge – Exploration & evaluation asset expenditures	2,713	15,176
Zimtu - Administrative fees	75,000	103,389
Zimtu - Advertising and promotion	12,500	62,500
Total	90,213	181,065

* Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's executive officers and certain members of its Board of Directors.

As at January 31, 2023, there was $188,582 (July 31, 2022: $112,049) due to Zimtu and $856 (July 31, 2022: $9,313) due to Dahrouge.

The terms and conditions of these transactions with key management and their related parties were no more favourable than those available, or which might reasonably be expected to be available, or similar transactions to non-key management related entities on an arm's length basis.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

Other MD&A Requirements

Additional Disclosure for Venture Issuers without Significant Revenue

The Company has not earned any income from operations in either of its last three fiscal years. The following is a breakdown of the material costs incurred:

	Seven Months Ended July 31, 2022	Year Ended December 31, 2021	Year ended December 31, 2020
Capitalized Exploration and Evaluation Costs	$968,454	$825,688	$640,356
General and Administration Expenses	$121,207	$379,435	$19,270

Disclosure of Outstanding Share Capital

The following is a breakdown of common shares and other equity instruments outstanding as of date of this report:

	March 23, 2023	January 31, 2023	July 31, 2022
Common Shares	52,854,526	52,854,526	52,254,526
Warrants	2,633,594	2,633,594	8,782,627
Fully Diluted Shares	55,488,120	55,488,120	61,037,153

For additional details of outstanding share capital, refer to Note 6 of the condensed interim financial statements for the six months ended January 31, 2023.

RISK FACTORS

An investment in the Common Shares, in the event that the Common Shares are offered for sale at some time in the future, should be considered highly speculative due to the nature of the Company's business and the present stage of development. An investment in the Common Shares should only be made by knowledgeable and sophisticated investors who are willing to risk and can afford the loss of their entire investment. Potential investors should consult with their professional advisors to assess an investment in the Company. In evaluating the Company and its business, investors should carefully consider, in addition to other information contained in this Prospectus, the risk factors below. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with its operations and other risks and uncertainties affecting the Company's business could potentially arise or become material in the future.

Insufficient Capital

The Company does not currently have any revenue producing operations and may, from time to time, report a working capital deficit. To maintain its activities, the Company will require additional funds which may be obtained either by the sale of equity capital or by entering into an option or joint venture agreement with a third party providing such funding. There is no assurance that the Company will be successful in obtaining such additional financing; failure to do so could result in the loss or substantial dilution of the Company's interest in the CAP Property.

Limited Operating History

The Company is an early-stage company and the CAP Property is an exploration stage property. As such, the Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. The current state of the CAP Property requires significant additional expenditures before any cash flow may be generated. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business.

Although no securities are being offered pursuant to this prospectus, any investment in the Common Shares carries a high degree of risk and should be considered speculative by purchasers. There is a low probability of dividends being paid on the Common Shares.

Lack of Operating Cash Flow

The Company currently has no source of operating cash flow and is expected to continue to do so for the foreseeable future. The Company's failure to achieve profitability and positive operating cash flows could have a material adverse effect on its financial condition and results of operations. If the Company sustains losses over an extended period of time, it may be unable to continue its business. Further exploration and development of the CAP Property will require the commitment of substantial financial resources. It may be several years before the Company may generate any revenues from operations, if at all. There can be no assurance that the Company will realize revenue or achieve profitability.

Resale of Common Shares

The continued operation of the Company will be dependent upon its 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. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the Common Shares purchased would be diminished.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings.

Dilution

Common Shares, including rights, warrants, special warrants, subscription receipts and other securities to purchase, to convert into or to exchange into Common Shares, may be created, issued, sold and delivered on such terms and conditions and at such times as the Board may determine. In addition, the Company may issue additional Common Shares from time to time pursuant to Common Share purchase warrants and Awards issued from time to time by the Board. The issuance of these Common Shares could result in dilution to holders of Common Shares.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Additional Funding Requirements

The exploration and development of the CAP Property will require substantial additional capital. When such additional capital is required, the Company will need to pursue various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favorable to the Company and might involve substantial dilution to existing shareholders. The Company may not be successful in locating suitable financing transactions in the time period required or at all. A failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations. Any future issuance of securities to raise required capital will likely be dilutive to existing shareholders. In addition, debt and other debt financing may involve a pledge of assets and may be senior to interests of equity holders. 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 REE industries in particular), the Company's status as a new enterprise with a limited history, the location of the CAP Property, the price of rare earth minerals and/or the loss of key management personnel. Further, if the price of rare earth elements and future rare earth element markets decreases, then potential revenues from the CAP Property will likely decrease and such decreased revenues may increase the requirements for capital. Failure to obtain sufficient financing will result in a delay or indefinite postponement of development or production at the CAP Property.

Mineralized deposit

Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. The discovery of mineral deposits is dependent upon a number of factors. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which relate to particular attributes of the deposit, such as size, grade and proximity to infrastructure, and some of which are more general such as metal prices and government regulations, including environmental protection. Most of these factors are beyond the control of the Company. The Company has no history of operating earnings and, due to the nature of its business and (among others) the factors described herein, there can be no assurance that the Company will succeed in discovering a commercially viable mineral deposit.

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development programs at the CAP Property will result in the definition of bodies of commercial mineralization. The discovery of bodies of commercial mineralization is dependent upon a number of factors, not the least of which is the technical skill of the exploration personnel involved. Most of the above factors are beyond the Company's control.

Exploration, Development and Production Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company's resource base.

The Company's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. In addition, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing rare earth element and other mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The remoteness and restrictions on access of properties in which the Company has an interest will have an adverse effect on profitability as a result of higher infrastructure costs. There are also physical risks to the exploration personnel working in the terrain in which the Company's properties will be located, often in poor climate conditions.

The long-term commercial success of the Company depends on its ability to explore, develop and commercially produce minerals from its properties and to locate and acquire additional properties worthy of exploration and development for minerals. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participation uneconomic.

Mineral Resources and Reserves

Because the Company has not defined or delineated any proven or probable reserves on any of its properties, mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

Unless otherwise indicated, mineralization figures presented in this Prospectus are based upon estimates made by the Company, personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis which may prove to be unreliable. There can be no assurance that these estimates will be accurate; resource or other mineralization figures will be accurate; or such mineralization could be mined or processed profitably.

Obtaining and Renewing Licenses and Permits

In the ordinary course of business, the Company will be required to obtain and renew governmental licenses or permits for exploration, development, construction and commencement of mining at the CAP Property. Obtaining or renewing the necessary governmental licenses or permits is a complex and time consuming process involving public hearings and costly undertakings on the part of the Company. The duration and success of the Company's efforts to obtain and renew licenses or permits are contingent upon many variables not within the Company's control, including the interpretation of applicable requirements implemented by the licensing authority. The Company may not be able to obtain or renew licenses or permits that are necessary to its operations, including, without limitation, an exploitation license, or the cost to obtain or renew licenses or permits may exceed what the Company believes they can recover from the CAP Property. Any unexpected delays or costs associated with the licensing or permitting process could delay the development or impede the operation of a mine, which could adversely impact the Company's operations and profitability.

No Assurances

There is no assurance that economic mineral deposits will ever be discovered, or if discovered, subsequently put into production. Most exploration activities do not result in the discovery of commercially mineable deposits. The Company's future growth and profitability will depend, in part, on its ability to identify and expand its mineral reserves through additional exploration of the CAP Property and on the costs and results of continued exploration and development programs. Mining exploration is highly speculative in nature, involves many risks and frequently is not productive. Most exploration projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any anticipated level of recovery of mineral reserves will be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. There can be no assurance that the Company's exploration efforts at the CAP Property will be successful.

Aboriginal Title

The Supreme Court of Canada decision of June 26, 2014 in Tsilhqot'in Nation v. British Columbia (the "Tsilhqot'in Decision"), which declares aboriginal title for the first time in a certain area in Canada and outlines the rights associated with aboriginal title, could potentially have a significant impact on the CAP Property.

While the CAP Property is not located within the areas involved in the Tsilhqot'in Decision, there is a risk that the Tsilhqot'in Decision may lead other communities or groups to pursue similar claims in area where the CAP Property is located. Although the Company relies on the Crown to adequately discharge its obligations in order to preserve the validity of its actions in dealing with public rights, including the grant of mineral titles and associated rights, the Company cannot accurately predict whether aboriginal claims will have a material adverse effect on the Company's ability to carry out its intended exploration and work programs on its properties.

Title Risks

Although the Company has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. Surveys have not been carried out on any of the Company's mineral properties, therefore, in accordance with the laws of the jurisdiction in which such properties are situated; their existence and area could be in doubt. Until competing interests in the mineral lands have been determined, the Company can give no assurance as to the validity of title of the Company to those lands or the size of such mineral lands.

First Nations Land Claims

The CAP Property may now or in the future be the subject of First Nations land claims. The legal nature of Aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's material interest in the CAP Property and/or potential ownership interest in the CAP Property in the future, cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of Aboriginal rights in the area in which the CAP Property is located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with and seek the approval of holders of Aboriginal interests in order to facilitate exploration and development work on the CAP Property, there is no assurance that the Company will be able to establish a practical working relationship with the First Nations in the area which would allow it to ultimately develop the CAP Property.

Many lands in Canada and elsewhere are or could become subject to Aboriginal land claim to title, which could adversely affect the Company's title to its properties.

Loss of Interest in Properties

Mineral Properties in British Columbia are subject to the requirements of the Mineral Tenure Act (British Columbia) which requires the Company to incur exploration and development expenditures in order to maintain its interest in the mineral claims. The Company's ability to maintain its interest in the CAP Property may be dependent on its ability to raise additional funds by equity financings. Failure to obtain additional financing may result in the Company being unable to expend the required exploration expenditures required to maintain the CAP Property and could result the partial or total loss of the Company's interest in either of this property.

Environmental Risks

All phases of the Company's operations with respect to the CAP Property will be subject to environmental regulation. Environmental legislation involves strict standards and may entail increased scrutiny, fines and penalties for non-compliance, stringent environmental assessments of proposed projects and a high degree of responsibility for companies and their officers, directors and employees. Changes in environmental regulation, if any, may adversely impact the Company's operations and future potential profitability. In addition, environmental hazards may exist on the CAP Property that are currently unknown. The Company may be liable for losses associated with such hazards, or may be forced to undertake extensive remedial cleanup action or to pay for governmental remedial cleanup actions, even in cases where such hazards have been caused by previous or existing owners or operators of the properties, or by the past or present owners of adjacent properties or by natural conditions. The costs of such cleanup actions may have a material adverse impact on the Company's operations and future potential profitability.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, 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 mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

The Company may be subject to reclamation requirements designed to minimize long-term effects of mining exploitation and exploration disturbance by requiring the operating Company to control possible deleterious effluents and to re-establish to some degree pre-disturbance landforms and vegetation. Any significant environmental issues that may arise, however, could lead to increased reclamation expenditures and could have a material adverse impact on the Company's financial resources.

Regulatory Requirements

Even if the CAP Property is proven to host economic reserves of rare earth minerals, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits. Exploration and mining activities may be affected in varying degrees by government policies and regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of the CAP Property, environmental legislation and mine safety.

Volatility of Mineral Prices

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of rare earth minerals. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices. In addition, currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in United States dollars.

Infrastructure

Exploration, development and processing activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect access, capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration or development of the CAP Property. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development of the CAP Property will be commenced or completed on a timely basis, if at all. Furthermore, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect our operations.

Risks Associated with Acquisitions

If appropriate opportunities present themselves, the Company may acquire mineral claims, material interests in other mineral claims, and companies that the Company believes are strategic. The Company currently has no understandings, commitments or agreements with respect to any other material acquisition and no other material acquisition is currently being pursued. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired Company or mineral claims into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition.

Executive Employee Recruitment and Retention

The success of the Company will be dependent upon the performance of its management and key employees. The loss of any key executive or manager of the Company may have an adverse effect on the future of the Company's business. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, it will require additional key financial, administrative, geologic and mining personnel as well as additional operations staff. There is no assurance that it will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increases. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on its future cash flows, earnings, results of operations and financial condition.

Adverse General Economic Conditions

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the mineral exploration sector, were impacted by these market conditions. Some of the key impacts of the financial market turmoil included contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets, a lack of market liquidity, natural disasters, public health crisis (such as the recent global outbreak of COVID-19 and other events outside of the Company's control. A similar slowdown in the financial markets or other economic conditions, including but not limited to, inflation, fuel and energy costs, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company's operations. Specifically, a global credit/liquidity crisis could impact the cost and availability of financing and our overall liquidity, the volatility of mineral prices would impact the Company's prospects, volatile energy, commodity and consumables prices and currency exchange rates would impact costs and the devaluation and volatility of global stock markets would impact the valuation of its equity and other securities. These factors could have a material adverse effect on the Company's financial condition and results of operations.

In recent years, the securities markets in Canada, as well as in other countries around the world, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in developing assets, adding additional resources, establishing feasibility of deposits or creating revenues, cash flows or earnings. The value of securities will be affected by market volatility. An active public market for the Common Shares might not develop or be sustained. If an active public market for the Common Shares does not develop or continue, the liquidity of a shareholder's investment may be limited and the price of the Common Shares may decline.

COVID-19 Coronavirus Outbreak

The ongoing global uncertainty with respect to the spread of COVID-19, the consistently evolving nature of the pandemic and local and international developments related thereto and its effect on the broader global economy and capital markets may have a negative effect on the Company and the advancement of the CAP Property. While the precise impact of the COVID-19 outbreak on the Company remains unknown, rapid spread of COVID-19 and declaration of the outbreak as a global pandemic has resulted in travel advisories and restrictions, certain restrictions on business operations, social distancing precautions and restrictions on group gatherings which are having direct and indirect impacts on businesses in Canada and around the world and could result in travel bans, closure of assay labs, work delays, difficulties for contractors and employees getting to site, and diversion of management attention all of which in turn could have a negative impact on development of the CAP Property and the Company generally. The spread of COVID-19 may also have a material adverse effect on global economic activity and could result in volatility and disruption to global supply chains and the financial and capital markets, which could affect the business, financial condition, results of operations and other factors relevant to the Company, including its ability to raise additional financing.

Force Majeure

The CAP Property now or in the future may be adversely affected by risks outside the control of the Company, including the price of rare earth elements on world markets, labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

Uncertainty of Use of Proceeds

Although the Company has set out its intended use of proceeds in this Prospectus, these intended uses are estimates only and subject to change. While management does not contemplate any material variation, management does retain broad discretion in the application of such proceeds. The failure by the Company to apply these funds effectively could have a material adverse effect on the Company's business, including the Company's ability to achieve its stated business objectives.

Competition

All aspects of the Company's business will be subject to competition from other parties. Many of the Company's competitors for the acquisition, exploration, production and development of mineral properties, and for capital to finance such activities, will include companies that have greater financial and personnel resources available to them than the Company. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose their interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

In addition to directors and officers of the Company, the Company has engaged in transactions and business activities with related parties including Zimtu in the past and will continue to do so. Such related parties are not legally bound to refrain from engaging in similar activities with other businesses or even competitors and as such, the Company may become subject to conflicts of interest due to these relationships as well.

Dividends

To date, the Company has not paid any dividends on their outstanding shares. Any decision to pay dividends on the shares of the Company will be made by the Board on the basis of the Company's earnings, financial requirements and other conditions.

Reporting Issuer Status

As a reporting issuer, the Company will be subject to reporting requirements under applicable securities law and stock exchange policies. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly, and increase demand on existing systems and resources. Among other things, the Company will be required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations.

The Company may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Management of the Company expects that being a reporting issuer will make it more expensive to maintain director and officer liability insurance. This factor could also make it more difficult for the Company to retain qualified directors and executive officers.

Tax Issues

Income tax consequences in relation to the Common Shares will vary according to the circumstances by each purchaser of Common Shares. Prospective purchasers should seek independent advice from their own tax and legal advisors prior to subscribing for Common Shares.

Operating Hazards, Risks and Insurance

The ownership, exploration, operation and development of a mine or mineral property involves many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include environmental hazards, industrial accidents, explosions and third-party accidents, the encountering of unusual or unexpected geological formations, ground falls and cave-ins, mechanical failure, unforeseen metallurgical difficulties, power interruptions, flooding, earthquakes and periodic interruptions due to inclement or hazardous weather conditions. These occurrences could result in environmental damage and liabilities, work stoppages, delayed production and resultant losses, increased production costs, damage to, or destruction of, mineral properties or production facilities and resultant losses, personal injury or death and resultant losses, asset write downs, monetary losses, claims for compensation of loss of life and/or damages by third parties in connection with accidents (for loss of life and/or damages and related pain and suffering) that occur on the CAP Property, and punitive awards in connection with those claims and other liabilities.

It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of our securities. Liabilities that the Company incurs may exceed the policy limits of insurance coverage or may not be covered by insurance, in which event the Company could incur significant costs that could adversely impact its business, operations, potential profitability or value. Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage the Company's interests, even when those efforts are successful, people are fallible and human error could result in significant uninsured losses. These could include loss or forfeiture of mineral interests or other assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort the Company might undertake and legal claims for errors or mistakes by personnel.

Forward Looking Statements

This Management Discussion & Analysis may contain forward-looking information and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ from those projected in the forward-looking statements.

Readers can identify many of these statements by looking for words such as "believes", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof.

Forward-looking information is based on the opinions and estimates of management and its consultants at the date the information is given. It is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. The information is based on reasonable assumptions which include but are not limited to those regarding actual costs for mining and processing and their impact on the cut-off grade established, actual capital costs, forecasts of mine production rates, the timing and content of upcoming work programs, geological interpretations, potential process methods and mineral recoveries, the availability of markets for the products produced, market pricing for the products produced, etc.

Factors that could cause actual results to differ materially from those in forward-looking statements include market prices for metals, the conclusions of detailed feasibility and technical analyses, lower than expected grades and quantities of resources, mining rates and recovery rates and the lack of availability of necessary capital, which may not be available to the Company on terms acceptable to it or at all.

Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements. There can be no assurance that the plan, intentions or expectations upon which these forward-looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements should not be in any way construed as guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.

Readers are cautioned not to put undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

Approval

The Board of Directors of Eagle Bay Resources Corp. has approved the disclosure contained in this MD&A.

Additional Information

Additional information related to the Company can be found on the Company's website at www.eaglebayresources.com or on SEDAR at www.sedar.com.