

FOUNDERS METALS INC.

(the “Company” or “Founders”)

Form 51-102F1

MANAGEMENT’S DISCUSSION and ANALYSIS FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2021

The following Management’s Discussion and Analysis (“MD&A”) supplements, but does not form part of, the condensed consolidated interim financial statements of the Company and the notes thereto for the three and six months ended February 28, 2021 (the “Financial Statements”). Consequently, the following discussion and analysis of the results of operations and financial condition of Founders should be read in conjunction with the Financial Statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts are stated in Canadian dollars unless otherwise indicated. The reader should be aware that historical results are not necessarily indicative of future performance. This MD&A has been prepared based on information known to management as of April 28, 2021.

Additional information relating to the Company, including regulatory filings, can be found on the SEDAR website at www.sedar.com.

Forward-Looking Statements

Certain statements contained in the following MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below. The Company assumes no obligation to update or revise forward looking statements to reflect new events or circumstances except as required by law.

Description of Business

Founders Metals Inc. (formerly Avalon Works Corp) was incorporated under the Canada Business Corporations Act on April 6, 2000. The Company terminated its operations in 2007. On July 31, 2009, the Company's Securities were delisted from the TSX Venture Exchange (“TSXV”). The Company obtained its certificate of revival on November 9, 2018 and the revocation of cease trade orders on September 24, 2019.

On February 26, 2021, the Company completed a reverse take-over pursuant to the policies of the TSXV to acquire an aggregate 100% interest in the Elmtree Gold Project (the “Property”) in northeast New Brunswick (the “Acquisition”). Effective March 25, 2021, Avalon Works Corp changed its name to Founders Metals Inc. and now trades under the symbol “FDR” on the TSXV.

The address of the Company’s corporate office and principal place of business is 250 Southridge NW, Suite 300, Edmonton, AB, T6H 4M9. The Company’s principal business is to acquire, explore and develop the gold and mineral exploration Elmtree Gold Project located in New Brunswick.

Recent Activity

On February 26, 2021, the Company acquired the Elmtree Gold property, a mineral exploration property comprised of two mineral exploration properties respectively comprised of 24 and 25 contiguous mineral claims totaling 1,063,326 hectares in northeast New Brunswick.

The Company completed a three-corned amalgamation (the "Amalgamation") of a wholly-owned subsidiary of Founders ("Sub1"), which acquired the Property, with another wholly-owned subsidiary of Founders ("Sub2"), which issued securities pursuant to the Bridge Financing and Concurrent Financing. In consideration for the Amalgamation, the security holders (other than Founders) of Sub1 and Sub2 exchanged their securities for like securities of Founders on a one-for-one basis, post-Consolidation, upon closing (the "Closing") of the Acquisition. As a consequence of the Amalgamation, Sub1 and Sub2 amalgamated under the Business Corporations Act (British Columbia) into a wholly owned subsidiary of Founders retaining the name 1290015 B.C. Ltd. ("Amalco") with Founders becoming the Resulting Issuer owning 100% of Amalco as registered owner of the Elmtree Gold Project.

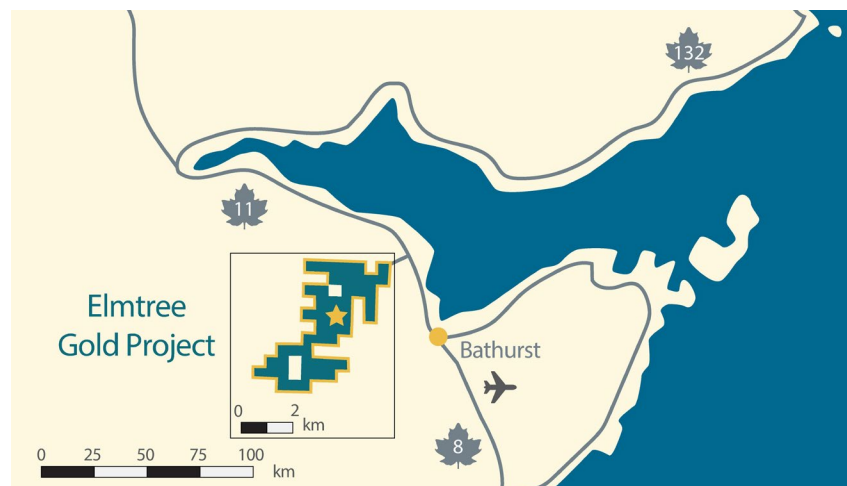
To acquire the Property, the Company paid \$350,000 cash to the vendor and issued 14,000,000 common shares of the Company at a deemed price of \$0.50 per share for a total consideration of \$7,350,000. The vendor retains a 2% net smelter royalty. The Company also paid an arm's length third party a finders' fee of 200,000 common shares of the Company at a deemed price of \$0.50 per share.

Following completion of the Acquisition, all existing directors resigned as directors of the Company and John Williamson, Roy Bonnell, Nicholas Stajduhar, and Kevin Vienneau joined as new directors. Management of the Company has also changed so that it now consists of John Williamson as President and Chief Executive Officer and Justin Bourassa as Chief Financial Officer and Corporate Secretary.

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Elmtree Project Overview

The Elmtree Property comprises 49 mineral claims totaling 1,063 hectares (ha) in northeastern New Brunswick, approximately 20 km northwest of Bathurst and within the Bathurst Mining Camp. The Bathurst area is a proven and profitable mining jurisdiction in a road-accessible area. It hosts numerous volcanogenic massive sulfide (VMS) deposits, including the world-class Bathurst No. 12 mine. An independent NI 43-101 Technical Report on the Elmtree deposit was prepared by Apex Geoscience, who visited the property in August and September 2020. The Technical Report provides a complete review of all available historical data and represents a solid basis for future exploration work on the property.



The Elmtree property has been under active exploration since the late 1950s. However, substantial work on the property began with the discovery of Au and base metal mineralization at the Discovery Zone (DZ) and West Gabbro Zone (WGZ) in 1984-1985. Compilation of the historical exploration work provides Founders with a substantial geochemical, From a historical exploration perspective, the compilation shows:

- Soil geochemical assays (n=3,023 analyses) with 164 analyses of >100 ppb Au;
- 8 trenches with 157 channel chip sample assays, of which 144 assays have >1,000 ppb, Au ;
- Airborne and ground geophysical surveys, including magnetic, VLF-EM, radiometric, and IP surveys;
- 13,156 m of historical core drilling in 96 drill holes with 5,226 drill core sample assays;
- 857 m of historical core drilling in 8 drill holes.

The historical soil and geophysical surveys correlate well with known gold mineralized zones. They suggest that other mineralized zones may exist along the main structural trends. A 2017 IP survey suggests the mineralized zones may continue at depth below levels tested by earlier drilling programs. The historical exploration work is primarily confined to the Discovery Zone, West Gabbro Zone, and South Gold Zone deposits. Large areas of the property, with significant exploration potential, have yet to be tested.

Based on the data reviewed in the Elmtree Property Technical Report, the report authors consider the property prospective for additional epithermal gold-silver mineralization and VMS gold and base metal mineralization. The geological attributes contributing to this view of the Elmtree Gold Project include:

- Three existing gold-bearing zones, the higher-grade West Gabbro Zone, the South Gold Zone, and the original Discovery Zone. The West Gabbro and South Gold Zones primarily host gold mineralization, and the Discovery Zone contains both polymetallic (Sb, Zn, Pb, Ag) veins and gold;
- Mineralization is structurally controlled by an easterly trending fault zone(s) situated at the southern tectonic boundary of the Elmtree Inlier;
- Host rocks consist of strongly deformed Ordovician sedimentary rocks, including tectonic mélangé, that are intruded along structural zones by Ordovician gabbroic and felsite dykes and sills;
- The highest gold grades are spatially associated with sulphide-rich zones within areas of intense silicification and quartz veining;
- The sulphide assemblage is defined by arsenopyrite, pyrrhotite, pyrite, and chalcopyrite;
- Alteration minerals include carbonate, quartz, chlorite, albite with sericite and saussurite;
- The current modelled deposits are near-surface and potentially amenable to open pit mining;
- The property is accessible year-round by paved, government-maintained roads, and is adjacent to a major highway and power
- The property lies approximately 22 km by road to a year-round port and the Glencore Smelter (closed in 2019)
- The region has a skilled labour force with over 50-years of mining expertise.

The summary of historical work presented in the Technical Report shows that the Elmtree Gold Project is a project of merit. Further exploration work is required to elevate the confidence level of the property to NI 43-101 and current CIM Definition Standards and Guidelines. The Company intends to follow the recommendations outlined in the Technical Report for a Phase 1 work program that may include: assessing and validating historical exploration results, development of a robust 3D geological model, relogging, resampling, and reassaying of historical cores, geophysical surveys, and surface exploration. If warranted, Founders will carry out Phase 2 of the recommended work, which includes diamond drilling.

Selected Annual Information

The following table summarizes audited financial data for operations reported by the Company for the year ended August 31, 2020 and August 31, 2019:

Fiscal period ended	August 31, 2020	August 31, 2019
Total Revenue (\$)	-	-
Total assets (\$)	247	44,891
Current liabilities (\$)	232,854	208,845
Non-current liabilities (\$)	-	-
Net loss (\$)	(83,053)	(164,566)
Basic and diluted loss per common share (\$)	(0.02)	(0.10)
Weighted average number of common shares outstanding	4,297,422	1,599,066

Summary of Quarterly Results

The following table summarizes financial data for the most recently completed quarters:

Quarter ended	Feb 28, 2021	Nov 30 2020	Aug 31, 2020	May 31, 2020	Feb 28, 2020	Nov 30, 2019	Aug 31, 2019	May 31, 2019
Total Revenue (\$)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net income (loss) (\$)	(57,882)	(18,780)	(43,082)	(7,639)	(22,365)	(9,967)	(62,685)	(15,358)
Basic and diluted net income (loss) per common share (\$)	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.04)	(0.00)

Results of Operations

During the three months ended February 28, 2021 ("the current quarter"), the Company incurred loss of \$57,882 (2020 – loss of \$22,365) which includes the following:

- Advertising and promotion of \$1,028 (2020 - \$nil) which includes website and PR & dissemination expense.
- Consulting fees of \$9,000 (2020-\$nil) which includes fees paid to former key management and directors.
- Office and administrative expenses of (\$311) (2020 – \$9,294) which includes office expense and bank fees.
- Professional fees of \$36,026 (2020 – \$13,071) were incurred for general legal and audit fees.
- Regulatory and filing fees of \$12,139 (2020 – \$nil) which includes filing fees with the TSXV and securities commissions.

During the six months ended February 28, 2021 (“the current period”), the Company incurred a net loss of \$76,661 (2020 – loss of \$32,332) which includes the following:

- Advertising and promotion of \$1,028 (2020 - \$nil) which includes website and PR & dissemination expense.
- Consulting fees of \$16,600 (2020-\$nil) which includes fees paid to former key management and directors.
- Office and administrative expenses of \$827 (2020 – \$10,511) which includes office expense and bank fees.
- Professional fees of \$44,699 (2020 – \$21,821) were incurred for general legal and audit fees.
- Regulatory and filing fees of \$13,507 (2020 – \$nil) which includes filing fees with the TSXV and securities commissions.

Financial Instruments

Fair value of financial instruments

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

The Company’s cash is classified as Level 1, whereas accounts payable and accrued liabilities are classified as Level 2. As at February 28, 2021, the Company believes that the carrying values of cash, accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

Financial instruments risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counter party limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is defined as the risk of loss associated with counterparty’s inability to fulfill its payment obligations. The maximum exposure to credit risk is the carrying amount of the Company’s financial assets. The credit risk is assessed as low.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle its obligations as they come due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company’s normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds available to meet its short-term business requirements by taking into account the anticipated cash expenditures for its exploration and other operating activities, and its holding of cash and cash equivalents. The Company will pursue further equity or debt financing as required to meet its commitments. There is no assurance that such financing will be available or that it will be available on favourable terms.

As at February 28, 2021 the Company's financial liabilities consist of its accounts payable and accrued liabilities, which are all current obligations.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to foreign exchange risk is minimal. The foreign currency risk is assessed as low.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	February 28 2021	August 31 2020
Financial assets at FVTPL:		
Cash	\$ 4,204,754	\$ 427
	\$ 4,204,754	\$ 427

Financial liabilities included in the statement of financial position are as follows:

	February 28 2021	August 31 2020
Non-derivative financial liabilities:		
Accounts payable and accrued liabilities	\$ 48,761	\$ 232,854
	\$ 48,761	\$ 232,854

Capital management

The Company monitors its equity as capital.

The Company's objectives in managing its capital are to maintain a sufficient capital base to support its operations and to meet its short-term obligations and at the same time preserve inventor's confidence and retain the ability to seek out and acquire new projects of merit. The Company is not exposed to any externally imposed capital requirements.

Related party transactions

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. The Company incurred and paid fees to directors and officers for management and professional services as follows:

For the period ended	February 28 2021	February 29 2020
Management fees paid to former key management and directors	\$ 9,000	\$ -
	\$ 9,000	\$ -

Liquidity and Capital Resources

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has no source of revenue therefore continuing operations of the Company are dependent upon management's ability to obtain adequate sources of capital to maintain and to further the development of any mineral property acquired in a Qualifying Transaction.

Working capital at February 28, 2021 was \$4,185,754. As of the date of this MD&A, the Company has working capital of approximately \$4,090,900.

Outstanding Share Data

The following table summarizes the Company's outstanding share capital:

	February 28, 2021
Common shares outstanding	33,302,172
Options outstanding (average exercise price \$0.50)	91,162
Warrants outstanding (average exercise price \$0.74)	7,831,400
Fully Diluted	41,224,734

Risks and Uncertainties

Mining Risks

The Company is subject to the risks typical in the mining business including uncertainty of success in exploration and development; operational risks including unusual and unexpected geological formations, rock bursts, particularly as exploration moves into deeper levels, cave-ins, flooding and other conditions involved in the drilling and removal of material as well as environmental damage and other hazards; risks that intended drilling schedules or estimated costs will not be achieved; and risks of fluctuations in the price of commodities and currency exchange rates. Metal prices are subject to volatile price movements over short periods of time and are affected by numerous factors, all of which are beyond the Company's control, including expectations of inflation, levels of interest rates, sale of gold by central banks, the demand for commodities, global or regional political, economic and banking crises and production rates in major producing regions. The aggregate effect of these factors is impossible to predict with any degree of certainty.

Business Risks

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Financial risks include commodity prices, interest rates and foreign exchange rates, all of which are beyond the Company's control.

Regulatory risks include possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings as well as the introduction of ever more complex reporting requirements, the cost of which the Company must meet in order to maintain its exchange listing.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Company will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive exploration and evaluation properties. The Company's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable prospects for mineral exploration or development. There is no assurance that the Company will be able to compete successfully with others in acquiring such prospects.

No Operating History and Financial Resources

The Company does not have an operating history and has no operating revenues and is unlikely to generate any in the foreseeable future. It anticipates that its cash resources are sufficient to cover its projected funding requirements for the remainder of the fiscal year. Additional funds will be required for general operating costs, and for further exploration to attempt to prove economic deposits and to bring such deposits to production. Additional funds will also be required for the Company to acquire and explore other mineral interests. The Company anticipates that its cash resources will be sufficient to cover its projected funding requirements for the ensuing year. If its exploration program is successful, additional funds will be required for further exploration to prove economic deposits and to bring such deposits to production. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to forfeit its interests in some or all of its properties or to reduce or terminate its operations. Inferred mineral resources are not mineral reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability. There is no guarantee that any part of the mineral resources discussed herein will be converted into a mineral reserve in the future.

Price Volatility and Lack of Active Market

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly.

Key Executives

The Company is dependent on the services of key executives and a small number of highly skilled and experienced consultants and personnel, whose contributions to the immediate future operations of the Company are likely to be of importance. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled employees or consultants may adversely affect its business and future operations. The Company does not currently carry any key man life insurance on any of its executives.

Potential Conflicts of Interest

Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

Dividends

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the Board of Directors of the Company and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of the Company deem relevant.

Nature of the Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

Off-Balance Sheet Transactions and Outlook

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

Qualified Person

The disclosures contained in this MD&A regarding the Company's exploration & evaluation properties have been prepared by, or under the supervision of, Mr. John Williamson, P.Geol., President and CEO of the Company and a Qualified Person for the purposes of National Instrument 43-101.

Approval

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

Other Information

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com.