

# **FOUNDERS METALS INC.**

(the “Company” or “Founders”)

**Form 51-102F1**

## **MANAGEMENT’S DISCUSSION and ANALYSIS FOR THE SIX MONTHS ENDED FEBRUARY 28, 2023**

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, 2023 (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 May 1, 2023.

Additional information relating to the Company, including regulatory filings, can be found on the SEDAR website at [www.sedar.com](http://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. (“Founders” or the “Company”), formerly Avalon Works Corp.(“Avalon”), 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 acquired an aggregate 100% interest in the Elmtree Gold Project in northeast New Brunswick. Effective March 25, 2021, Avalon 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 registered office is Suite 780 - 1111 West Hastings Street, Vancouver, BC V6E 2J3. The Company’s principal business is to explore and develop the gold and mineral exploration Elmtree Gold Project located in New Brunswick.

## Recent Activity

On November 1, 2022, Colin Padget was appointed President and Chief Executive Officer ("CEO") of Founders Metals and joined the Board as a Director. John Williamson resigned as President and CEO and will remain on as Director.

### Letter Agreement to Acquire the Antino Project Option in Suriname

On October 19, 2022, the Company signed a letter agreement ("the Letter Agreement") with Orea Mining Corp. ("Orea") to acquire up to 75% of the Antino Gold Project (the "Project") in Suriname. In connection with the acquisition, the Company also intends to complete a concurrent equity financing (the "Financing") to raise gross proceeds of up to \$2,500,000 in accordance with the policies of the TSX Venture Exchange (the "Exchange").

Pursuant to the Letter Agreement, Orea will assign to the Company all of its option, rights, and obligations pursuant to an existing option agreement (the "Option") with Nana Resources N.V. ("Nana") dated March 16, 2022 to acquire up to 75% of the shares in the capital of Lawa Gold N.V. ("Lawa") which is the registered owner of 100% of the Project (the "Assignment").

To acquire the Option, the Company will compensate Orea by issuing a cash payment of \$250,000 upon signing of the Letter Agreement (paid), issuing an additional cash payment of \$250,000 on the earlier of completion of the Assignment (the "Closing") or December 31, 2022, and issuing 1,000,000 common shares of the Company on the earlier of Closing or March 31, 2023.

The Closing and issuance of common shares shall be subject to the policies of the Exchange and applicable securities laws, including a four-month statutory hold period on any common shares issued. Closing shall occur as soon as possible following receipt of Exchange approval.

### Antino Project Option with Nana

The Option to acquire up to 75% ownership of the Project and become operator of the Project under the Letter Agreement and Option Agreement is completed in three stages:

- 1) Option to acquire an initial 51% interest in the Project within three years of the Commencement Date by:
  - making cash payments totaling USD 1,650,000, of which only USD 350,000 is payable within the first year;
  - issuing common shares of the Company having a value of \$323,000 (of which \$95,000 may be settled in cash);
  - incurring a minimum of USD 6,000,000 in exploration expenses; and
  - completing a geological technical report prepared in accordance with National Instrument 43-101, containing a minimum of 500,000 oz Au in any category.
- 2) Option to acquire an additional 19% interest in the Antino Gold Project, for a total of 70% within two years of completion of the First Option Stage by:
  - making cash payments totaling USD 1,500,000;
  - issuing common shares of the Company having a value of \$19,000;
  - incurring a minimum of USD 10,000,000 in exploration expenses; and
  - completing a preliminary economic assessment technical report prepared in accordance with National Instrument 43-101.

In the event that the Company does not proceed with the completion of the Second Option Stage, the Company will transfer its interest in the Project back to the optionor.

3) Option to acquire an additional 5% in the Project, for a total of 75%, within three years of completion of the Second Option Stage by:

- incurring a minimum of USD 10,000,000 in exploration expenses; and
- completing a bankable feasibility study prepared in accordance with National Instrument 43-101.

Upon successful earn-in of the Project, the Company and the optionor, Nana, will form a joint venture with the objective of accelerating the project into commercial production.

### Antino Gold Project

The Antino Gold Project is a resource definition stage gold exploration project located in southeastern Suriname, within the Guiana Shield Gold Belt (Figure 1). The project is approximately 275 km from the capital city of Paramaribo and is accessible by air to the Antino Camp airstrip or by barge along the Maroni/Lawa River bordering French Guiana. The 238 square kilometer property holds Rights to the Exploitation of Gold (Suriname mining titles), and all necessary permits for exploration, drilling, and mining have been obtained.



Figure 1: Map of the Guiana Shield and the Guiana Shield greenstone belts showing major gold occurrences and mines.

### Antino Project Overview

The Antino Gold Project comprises two contiguous mining claims (GMD-180A/16 and GMD181A/16) covering a total area of > 23,000 ha. The rights of mining and exploration are 100% owned by NaNa Resources and there are no issued royalties. The area has produced approximately 500,000 oz of historical artisanal gold production starting in 1881. The Project includes two main small scale mining areas Upper Antino and Buese, as well as several smaller artisanal operations along the Antino and Maripasoula creeks. The extensive nature of alluvial mining throughout

the property suggests several primary sources, and the confirmed in-situ gold mining in several areas throughout the property provide strong evidence for broad scale economic mineralization.

### Infrastructure

The Antino Gold Project benefits from substantial pre-existing infrastructure including a permanent camp, a 1.3 km runway, and an extensive road network throughout the property. A well-maintained road network provides access to the Tabiki port which can be utilized as a barge and boat landing area. The town of Maripasoula (pop. ~12,000) located on the French Guiana side of the Lawa River is located 12km from the main Antino camp which provides logistical benefits to the Antino Project such as proximity to medical facilities, supplies and communication networks.

### Historical Work

The Antino Project benefits from an extensive historical dataset that allows for the expansion of historical resource zones as well as the identification of several high priority exploration targets. The property has seen a total of 32,071 m of historical drilling. In addition a robust historical exploration dataset, the Antino Project also has preliminary data provided by NaNa Resources that highlights the potential of the substantial tailings material on site. Small scale artisanal mining targets both alluvial and as well as host rock material and is limited to the weathered saprolite overburden that is typically ~40-80 m deep. The dominant processing method on site is gold gravity separation which typically achieves 25-35% recovery, providing significant potential for reprocessing of extensive historical tailings material.

The first modern exploration program was completed by Golden Star Resources (GSR) from 1993-1997. The GSR work includes: 6051 meters of drilling across 59 drillholes, 7614 auger sites, with auger depths ranging from 1 to 15 m, regional-scale airborne magnetics/radiometric survey, and ground-based magnetics, VLF-EM (28.43 line km), and induced polarization (3.3 km) surveys. Additional exploration activities undertaken by GSR includes trenching, panned gold concentrate and MMI sampling.

Following GSR's exploration campaign, Reunion Gold performed a series of exploration activities from 2006-2008/ The Reunion work includes: 26,085m of RC and diamond- drilling across 299 drillholes (191 RC holes with 8,973m, 108 DDH's with 17,085m), 2598 auger sampling sites, 63 trenches totaling 7,962 m. In 2015-2016 NaNa Resources performed targeted exploration programs surrounding the main gold producing areas which included mapping, trenching, deep augering and grab sampling. Exploration work completed in 2021 by Orea Mining as part of their due diligence work, includes: channel and grab sampling, detailed mapping of newly exposed pit walls and mining areas, historical core resampling, reprocessing of historical airborne magnetics data, and a high-resolution LiDAR survey covering the primary exploration and mining areas.

Historical exploration campaigns on the Antino Project demonstrate the presence of a dominant NW-NNW oriented shear structure with several highly prospective secondary structures. Several high-grade ore lenses with intervals grading over 10 g/t Au demonstrable continuity along strike are present in the main Upper Antino and Buese prospect areas (Figure 2) as well as >20 anomalous gold trends identified in surficial sampling elsewhere on the Property. The main Antino Structural Corridor has a mineralization extent of ~8km along strike, with several proximal high priority exploration targets as identified by magnetic signatures, LiDAR lineaments and surficial auger sampling that provide significant evidence for the expansion potential of the dominant structure. The mineralization style present on the Antino Project has several characteristics signatures of an orogenic style gold system as described by the presence of a regional scale greenstone belt that has undergone significant shearing and metamorphism, resulting in regular segments of discrete high grade gold mineralization hosted in sheared quartz, quartz-carbonate vein sets. Several magmatic suites are recognizable in surface mapping and drill core, with isolated evidence of magmatic-hydrothermal style alteration noted in past reports and drill logs, suggesting the potential for intrusion related mineralization which suggests the potential for exploration targets that exhibit low grade, high tonnage style mineralization in addition to the dominant shear hosted structures. Historical highlights of surficial trench and channel samples as well as diamond and RC drilling of the main Upper Antino and Buese target areas as shown in figure 2.



Figure 2: Historical Drilling and Trench/Channel Highlights

### Recent Activity on the Antino Property

In February 2023 Founders Metals Inc conducted a preliminary surficial sampling program including rock grab sampling, as well as mapping of the main Upper Antino and Buese prospect areas. Highlights from the surficial sampling program include:

- 45 rock grab and channel samples out of 411 samples taken grading above 1.00 g/t Au and up to 54.12 g/t Au
- Demonstrable continuity of high-grade gold confirmed over a strike length of more than 1.5 km
- Confirmation of an extensive, mineralized shear zone with several subsidiary structures
- High-grade gold mineralization is associated with quartz veining in a number of 5-25 m wide discrete shear structures within a broad shear zone
- Samples grading over 10 g/t Au collected from exposed pit walls at both the NW and SE end of the mineralized zone
- Potential for significant lower-grade gold mineralization associated with broad stockwork veining in intrusive rocks.

In addition to the preliminary field sampling program, Founders Metals has completed a broad scale data compilation and integrated it into a modern database format which will be used for drill planning on the upcoming summer drill program. Analysis of historical datasets has provided critical information for the synthesis of a robust exploration strategy that will utilize multiple advanced approaches to rapidly develop the Antino Project towards production. In addition to the aforementioned exploration efforts, Founders Metals has completed necessary infrastructural upgrades to accommodate for the anticipated drill campaign.

## Elmtree Project

On February 26, 2021, the Company acquired the Elmtree Gold Project, 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 with an estimated fair value of \$0.45 per share for a total consideration of \$6,650,000. 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 with an estimated fair value of \$0.45 per share.

## Elmtree Project Overview

The Elmtree Property comprises 49 mineral claims totalling 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, hosting numerous volcanogenic massive sulphide (VMS) deposits, including the world-class Bathurst No. 12 Mine. The Property has been under active exploration since the late 1950s. However, substantial work began in 1984-1985 following the discovery of gold and base metal mineralization at the Discovery Zone (DZ) and West Gabbro Zone (WGZ).

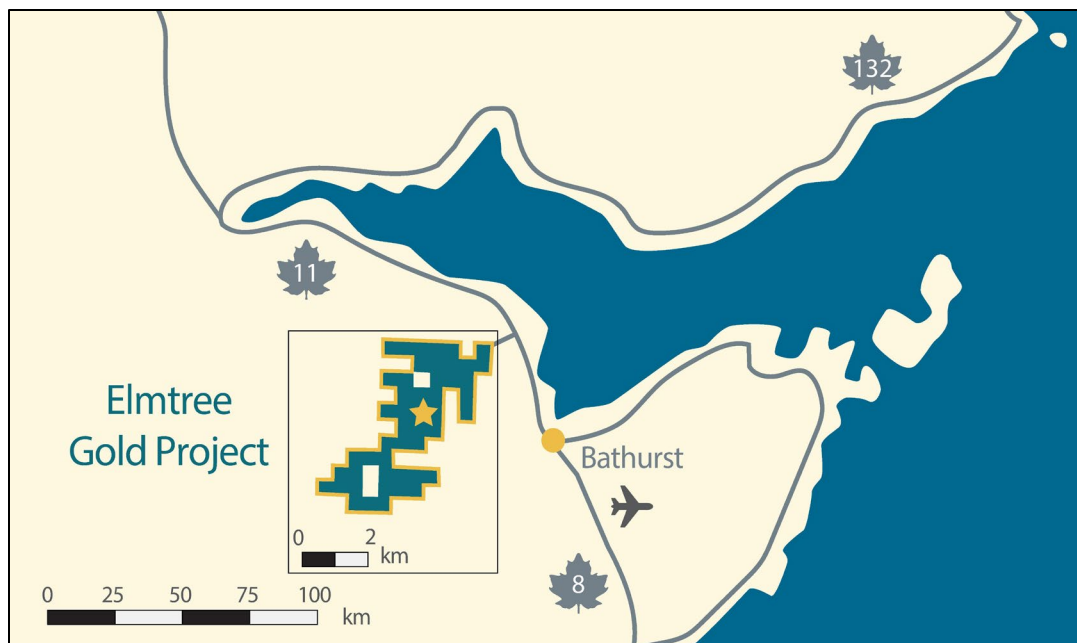


Figure 3: Project Location Map

Historical exploration work was focused on three gold deposits: the Discovery Zone, West Gabbro Zone, and the South Gold Zone (Figure 3). Outside of these zones, the property remains underexplored for gold mineralization.

Historical soil and geophysical surveys demonstrate strong correlations with the known gold mineralization and suggest the potential continuation of these gold-rich zones along strike and to depth. Elmtree project highlights 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 easterly-trending faults along the Elmtree Inlier's southern tectonic boundary
- Host rocks comprise strongly deformed Ordovician sedimentary rocks, including tectonic mélange, intruded by Ordovician gabbroic and felsic dykes/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

For further information on the Elmtree Property, see "Mineral Properties" on page 11.

### **Selected Annual Information**

The following table summarizes audited financial data for operations reported by the Company for the past three fiscal years:

| <b>Fiscal period ended</b>                           | <b>August 31, 2022</b> | <b>August 31, 2021</b> | <b>August 31, 2020</b> |
|------------------------------------------------------|------------------------|------------------------|------------------------|
| Total Revenue (\$)                                   | -                      | -                      | -                      |
| Total assets (\$)                                    | 9,893,683              | 10,701,373             | 247                    |
| Current liabilities (\$)                             | 17,295                 | 367,180                | 232,854                |
| Non-current liabilities (\$)                         | -                      | -                      | -                      |
| Net loss (\$)                                        | (485,772)              | (901,258)              | (83,053)               |
| Basic and diluted loss per common share (\$)         | (0.02)                 | (0.06)                 | (0.02)                 |
| Weighted average number of common shares outstanding | 26,217,000             | 14,234,244             | 4,297,422              |

## Summary of Quarterly Results

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

| Quarter ended                                             | Feb 28<br>2023 | Nov 30,<br>2022 | Aug 31,<br>2022 | May 31,<br>2022 | Feb 28,<br>2022 | Nov 30,<br>2021 | Aug 31,<br>2021 | May 31,<br>2021 |
|-----------------------------------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total Revenue (\$)                                        | Nil            | Nil             | Nil             | Nil             | Nil             | Nil             | Nil             | Nil             |
| Net income (loss) (\$)                                    | (178,427)      | (527,782)       | (146,783)       | (175,268)       | (156,599)       | (7,122)         | (227,364)       | (597,232)       |
| Basic and diluted net income (loss) per common share (\$) | (0.01)         | (0.02)          | (0.01)          | (0.01)          | (0.01)          | (0.00)          | (0.01)          | (0.02)          |

## Results of Operations

During the three months ended February 28, 2023 ("the current quarter"), the Company incurred a net loss of \$178,427 (2022 - \$156,599) which includes the following:

- Advertising and promotion of \$70,083 (2022 - \$48,241) which includes website, PR & dissemination, and investor relations expense.
- General and administrative expenses of \$42,854 (2022 - \$15,847) which includes office expense, rent, insurance and bank fees.
- Management fees of \$39,000 (2022 - \$51,000) which includes fees paid to current and former key management and directors.
- Professional fees of \$18,944 (2022 - \$35,934) were incurred for general legal, accounting and audit fees.
- Project evaluation fees of \$6,616 which includes costs related to evaluating exploration projects. in the comparative quarter.
- Regulatory and filing fees of \$11,886 (2022 - \$19,620) which includes transfer agent fees, filing fees with the TSXV and securities commissions.

Partially offsetting the above expenses, the Company received interest income of \$4,340 (2022 - \$2,899) and a non-cash recovery of \$50,160 was recorded for settlement of a flow-through liability in the comparative quarter.

In the comparative quarter, the Company also recognized a non-cash share-based compensation expense in the amount of \$32,400 for Options issued to various directors, officers and consultants of the Company.

Other comprehensive loss for the three months ended February 28, 2023, totaled \$178,427 (2022 - \$156,599). Total comprehensive loss for the three months ended February 28, 2023, and 2022 is the sum of net income or loss and other comprehensive income or loss.

During the six months ended February 28, 2023 ("the current period"), the Company incurred a net loss of \$340,825 (2022 - \$163,721) which includes the following:

- Advertising and promotion of \$116,900 (2022 - \$97,624) which includes website, PR & dissemination, and investor relations expense.
- General and administrative expenses of \$78,986 (2022 - \$36,613) which includes office expense, rent, insurance and bank fees.
- Management fees of \$90,000 (2022 - \$102,000) which includes fees paid to current and former key management and directors.
- Professional fees of \$47,438 (2022 - \$59,265) were incurred for general legal, accounting and audit fees.

- Project evaluation fees of \$6,616 which includes costs related to evaluating exploration projects. in the comparative period.
- Regulatory and filing fees of \$21,165 (2022 - \$21,070) which includes transfer agent fees, filing fees with the TSXV and securities commissions.

Partially offsetting the above expenses, the Company received interest income of \$13,664 (2022 - \$7,067) and a non-cash recovery of \$184,800 was recorded for settlement of a flow-through liability in the comparative period.

In the comparative period, the Company also recognized a non-cash share-based compensation expense in the amount of \$32,400 for Options issued to various directors, officers and consultants of the Company

Other comprehensive loss for the six months ended February 28, 2023, totaled \$340,825 (2022 - \$163,721). Total comprehensive loss for the six months ended February 28, 2023, and 2022 is the sum of net income or loss and other comprehensive income or loss.

## **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, 2023, 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 a 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 considering 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, 2023, 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:

|                                     | <b>February 28<br/>2023</b> | <b>August 31<br/>2022</b> |
|-------------------------------------|-----------------------------|---------------------------|
| Financial assets at amortized cost: |                             |                           |
| Cash                                | \$ 85,996                   | \$ 969,590                |
| Goods and services tax receivable   | <u>18,057</u>               | <u>284,798</u>            |
|                                     | <u>\$ 104,053</u>           | <u>\$ 1,254,388</u>       |

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

|                                          | <b>February 28<br/>2023</b> | <b>August 31<br/>2022</b> |
|------------------------------------------|-----------------------------|---------------------------|
| Financial liabilities at amortized cost: |                             |                           |
| Accounts payable and accrued liabilities | \$ 157,710                  | \$ 17,295                 |
|                                          | <u>\$ 157,710</u>           | <u>\$ 17,295</u>          |

#### 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 investor'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

The Company incurred and paid fees to key management, consisting of directors and officers, for management and professional services as follows:

| For the six months ended                                                                                                  | February 28<br>2023 | February 28<br>2022 |
|---------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Management fees paid to key management and directors                                                                      | \$ 90,000           | \$ 102,000          |
| Management fees paid to companies controlled by directors,<br>officers - capitalized to exploration and evaluation assets | 64,000              | 24,000              |
| Investor relations fees paid to a director                                                                                | 60,000              | 60,000              |
|                                                                                                                           | <u>\$ 214,000</u>   | <u>\$ 186,000</u>   |

## 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 continuing operations of the Company are dependent upon its ability to obtain adequate financing in the future. Working capital on February 28, 2023 was \$24,561. As of the date of this MD&A, the Company has working capital of approximately \$1,890,000.

## Outstanding Share Data

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

|                                                         | May 1, 2023       |
|---------------------------------------------------------|-------------------|
| Common shares outstanding                               | 43,107,000        |
| Options outstanding<br>(average exercise price \$0.53)  | 1,337,000         |
| Warrants outstanding<br>(average exercise price \$0.54) | 15,077,873        |
| <b>Fully Diluted</b>                                    | <b>59,521,873</b> |

As at February 28, 2023 and the MD&A date, 6,322,440 and 4,214,960 common shares are held in escrow.

## Mineral Properties

### Recent Activity on the Elmtree Property

#### *Data compilation and QA/QC of historical drilling*

A database of historical exploration work completed on, and immediately adjacent to, Founders' claims was completed by Rogue Geoscience Inc. The compilation greatly expands earlier work<sup>2</sup> and represents the most thorough amalgamation of historical data on the property. The database includes:

- 27,155.5 m of diamond drill core with 10,645 sample assays, including all 196 historical Elmtree holes, most of which have been focused on the Discovery Zone, West Gabbro Zone, and South Gold Zone deposits
- 474 m of trenching with 441 chip sample assays, including 144 assays with gold concentrations above 1,000 parts per billion (ppb) gold (Au)
- 2,640 soil geochemical assays, including 164 analyses >100 ppb Au
- 64 rock samples with multi-element geochemical assays

- Georeferenced maps and data from numerous airborne and ground geophysical surveys, including magnetics, VLF-EM, radiometric, and IP surveys
- Newly reprocessed geophysical data where appropriate
- Georeferenced and digitized outcrop, alteration, and bedrock maps
- Compilation of historical structural measurements in the area
- All data has undergone rigorous QA/QC to ensure accuracy and to establish and maintain database integrity

#### *UAV Magnetics Survey*

A drone-based airborne magnetics survey was completed over the Elmtree Gold Project in July 2021. The survey was flown by Vision 4K, a specialist Canadian UAV/Drone-based geophysical survey provider.

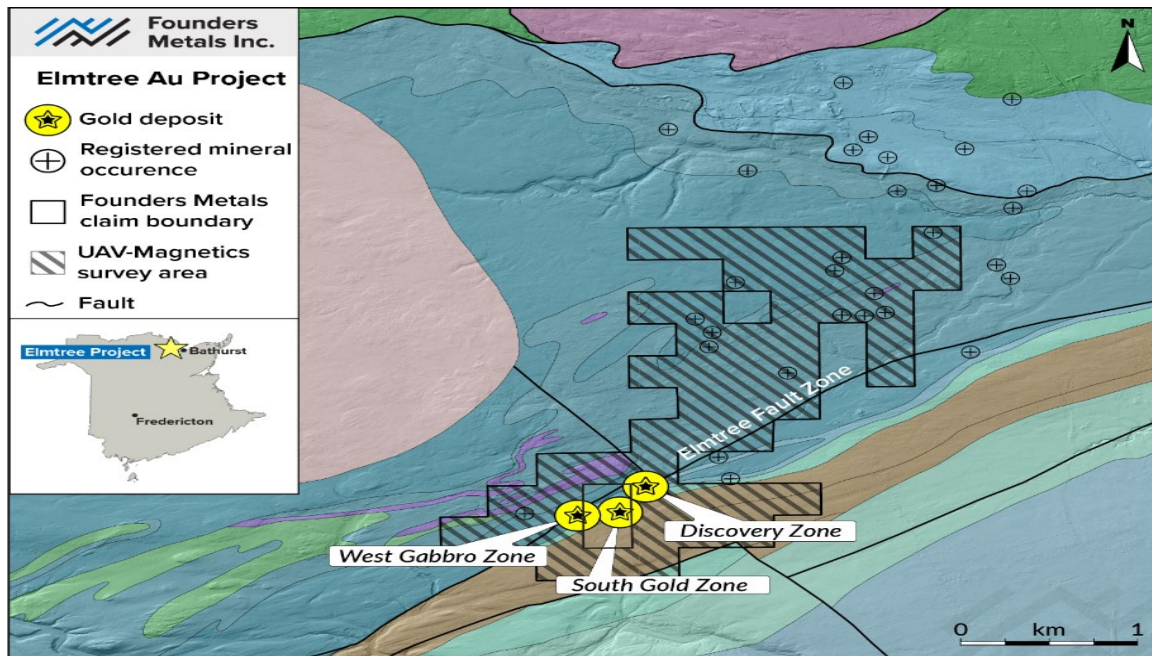


Figure 4: Map showing UAV magnetics survey coverage (hatched area). The regional geology overlay shows the coincidental nature of known gold mineralization with the Elmtree Fault Zone.

A high-resolution magnetic survey was chosen because a significant portion of the known Elmtree Gold Project's mineral resource<sup>1</sup> is hosted in iron-rich mafic rocks spatially associated with the Elmtree Fault Zone. The often highly magnetic nature of these rocks combined with higher concentrations of magnetic minerals (e.g., pyrrhotite) associated with the mineralized zones provides excellent targets for a detailed magnetics survey.

Survey highlights include:

- 855-line kilometres of drone-based airborne magnetics covering the entirety of Founders Metals' Elmtree Property
- 25 m spaced flight lines flown at a consistent 28 m elevation above ground level
- Ground-breaking, real-time obstacle avoidance system unique in North America allows the UAV to fly at the lowest consistent altitude throughout the survey
- With 1.2 m data collection intervals and flight speed up to 12 m/s (~43 km/h), the survey delivers consistent, high-resolution data at a much lower cost and in less time than traditional ground survey techniques.

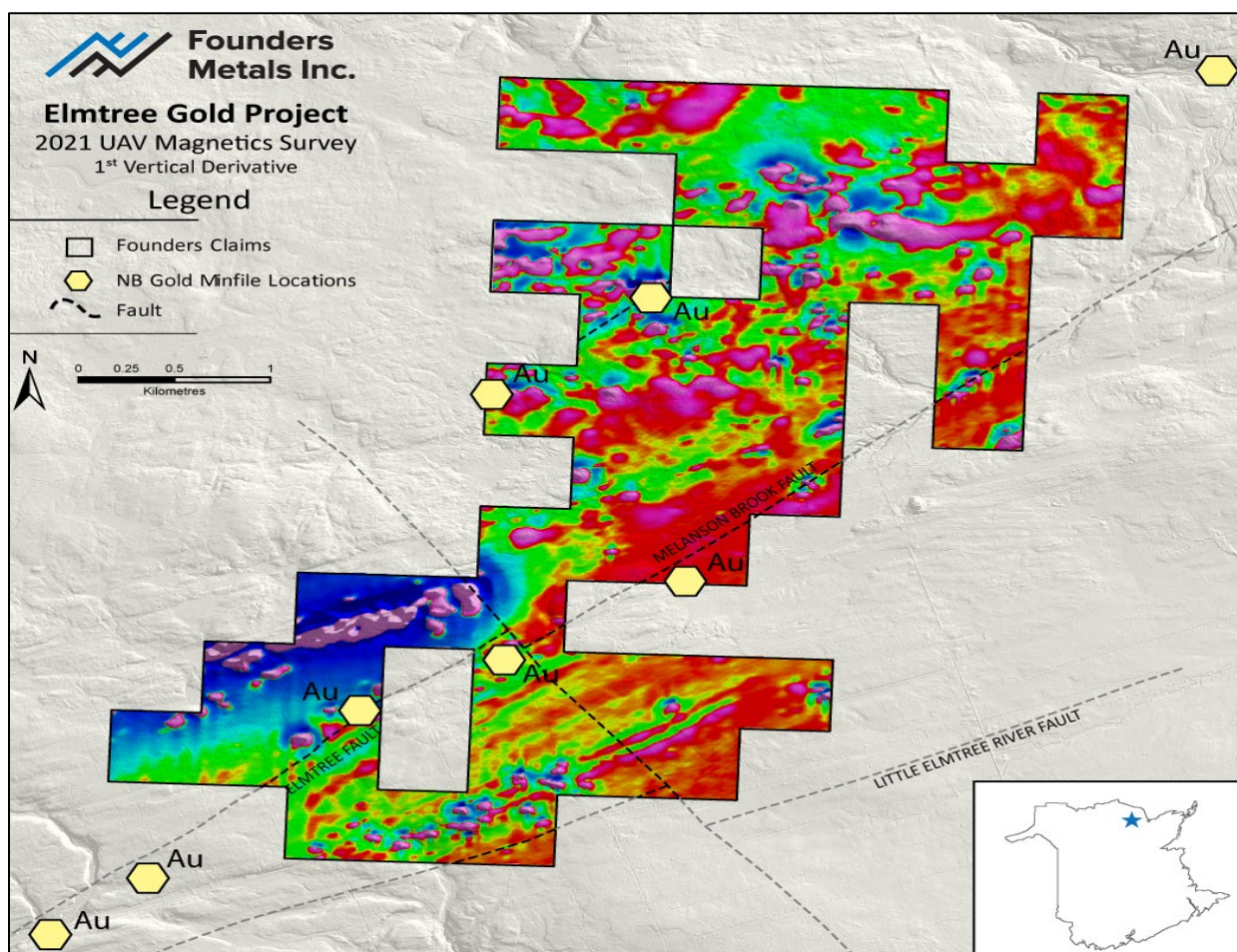


Figure 5: Map of 2021 UAV/drone magnetics survey (1st vertical derivative shown). Significant regional structures were added to demonstrate the spatial link between gold mineralization and northeast-trending structures.

### Soil geochemical survey and prospecting/mapping program

Founders completed Ion Leach soil sampling over the entire Elmtree property to identify better mineralization and associated alteration through thin, clay-rich, glacial cover. The first sampling phase extended historical soil grids around the known gold zones with samples every 25 metres along lines 50 m apart (Figure 6). Five percent of the historical soil grids were resampled to test their validity and support this earlier work's integration into the Elmtree Project's geochemical database.

Coarser, 50x100 m, phase-two sampling was designed to follow up on numerous targets identified from historical surface sampling, geophysics, and preliminary results from the 2021 drone magnetics survey (Figure 5).

### 2021 New Brunswick Junior Mining Assistance Program Grant

The team at Founders is grateful to have received \$30,000 from the New Brunswick Department of Natural Resources and Energy Development under the New Brunswick Junior Mining Assistance Program. The funds were used during the 2021 field season on exploration expenditures and advancing the Elmtree property.

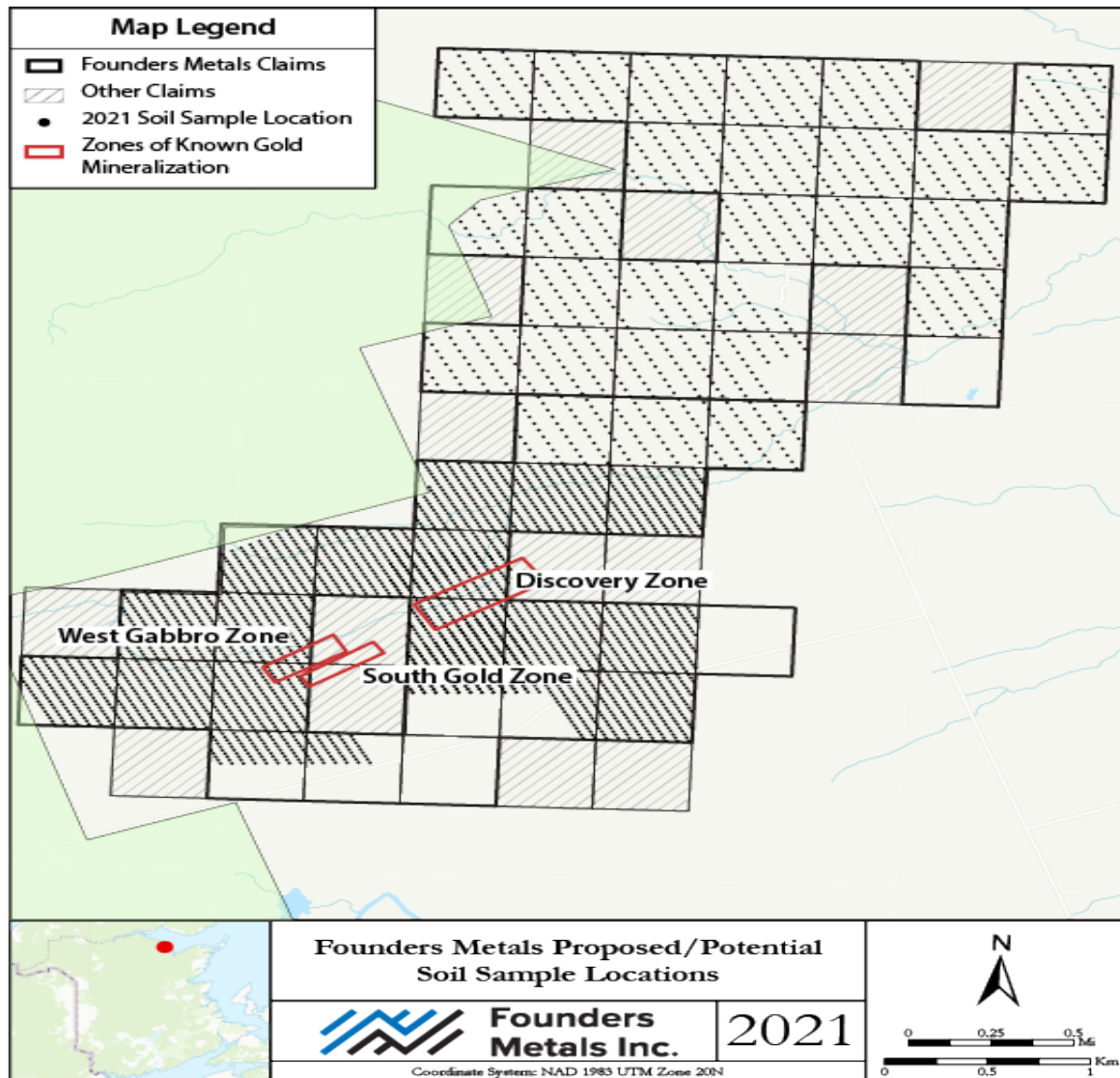


Figure 6: Map of 2021 soil geochemical samples over the Elmtree property.

## 2021 Preliminary drill results

The 2021 Drilling and exploration program focused on confirming and expanding historical gold mineralization at the Elmtree Gold Project. The Company drilled 2,311 m over 18 holes on the Elmtree Property. These holes intersected pervasive sulfidation in the iron-rich gabbroic host and abundant quartz/quartz-carbonate veining or brecciation. Gold mineralization has been identified in numerous holes, including EMT21-006 to EMT21-009, with intersections such as 2.06 grams per ton (g/t) over 24.8 m core length (see table 1 below). In addition, gold mineralization in similarly altered, sulphide-rich zones are found locally within the hornfels sedimentary rocks surrounding the gabbro. Initial Elmtree drill highlights include:

- Drill hole EMT21-006 with 9.0 m of 2.11 g/t Au\*
- Drill hole EMT21-007 with 59.0 m of 1.14 g/t Au\*
- Drill hole EMT21-009 with 24.8 m of 2.06 g/t Au\*

*Table 1: Partial assay results from rushed West Gabbro Zone samples*

| Drillhole        | from (m)    | to (m)       | width (m)*  | Au (g/t)    |
|------------------|-------------|--------------|-------------|-------------|
| <b>EMT21-006</b> | <b>35.2</b> | <b>44.2</b>  | <b>9.0</b>  | <b>2.11</b> |
| <b>EMT21-007</b> | <b>52.0</b> | <b>111.0</b> | <b>59.0</b> | <b>1.14</b> |
|                  | 57.0        | 61.0         | 4.0         | 4.97        |
| <i>including</i> | 70.8        | 73.4         | 2.6         | 3.84        |
|                  | 82.0        | 87.2         | 5.2         | 2.20        |
|                  | 107.9       | 109.8        | 1.9         | 2.45        |
| <b>EMT21-008</b> | 21.4        | 24.0         | 2.6         | 2.13        |
|                  | 42.3        | 44.0         | 1.7         | 1.36        |
|                  | 51.0        | 56.2         | 5.2         | 1.03        |
| <b>EMT21-009</b> | <b>17.9</b> | <b>42.7</b>  | <b>24.8</b> | <b>2.06</b> |
|                  | 17.9        | 30.0         | 12.1        | 2.81        |
| <i>including</i> | 34.8        | 42.7         | 8.0         | 2.18        |

*\*Widths represent the core length. True width is estimated at 70-90% of core length.*



Figure 7: (Left) Outcrop grab sample collected during 2021 prospecting at Elmtree. The sample contains pyrite, arsenopyrite, sphalerite, and galena. (Right) 2021 drill core photos showing pervasive alteration of Fe-bearing mafic minerals and abundant arsenopyrite throughout which correlates strongly to gold mineralization.

Throughout the 2021 program, the Company has flown an 855 line-km, high-resolution drone magnetics survey; collected 3,715 Ionic Leach soil samples and more than 160 rock grab samples. The 2021 surface sampling results will be combined with the geophysical data to generate additional drill targets on the property. Structural data collected from the oriented core is also being combined with the latest geophysical data to construct a detailed structural model of the gold deposit.

#### *Works Cited*

<sup>1</sup>Murahwi, C.Z., San Martin, A.J. and Godard, M. (2011): Technical Report on the mineral resource estimate for the Elmtree Gold Property, Gloucester County New Brunswick, Canada; National Instrument 43-101 Technical Report prepared for CNRP Mining Inc. and Gorilla Resources Corp. by Micon International Limited, 125 p.

<sup>2</sup>Eccles, R.D. and Kruse, S. (2020): Technical Report on the geological introduction to Avalon Works Corp.'s Elmtree Gold Project, northeast New Brunswick, Canada by Apex Geoscience and Terrane Geoscience, 120 p.

#### **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 several 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 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 Michael Dufresne, M.Sc, P.Geol., P.Geo., a principal of APEX Geoscience Ltd. and a Qualified Person for the purposes of National Instrument 43-101.

### **Approval**

The Audit Committee on behalf of the Board of Directors 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](http://www.sedar.com).