

ST CHARLES RESOURCES INC.
(a Capital Pool Company)
MANAGEMENT'S DISCUSSION AND ANALYSIS
– QUARTERLY HIGHLIGHTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022

*The following interim management's discussion and analysis – quarterly highlights (“**Interim MD&A**”) of St Charles Resources Inc. (“**St Charles**” or the “**Company**”) (a Capital Pool Company) for the three months ended March 31, 2022 provides material information about the Company's business activities during the interim period. This Interim MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements and related notes for the three months ended March 31, 2022 (the “**Interim Financial Statements**”), the Company's audited financial statements for the period from incorporation (July 16, 2021) to December 31, 2021 (the “**Annual Financial Statements**”) included in the Amended and Restated Prospectus dated April 7, 2022 (the “**Prospectus**”) available on SEDAR at www.sedar.com, and the section on Risk Factors included in the Prospectus.*

The effective date of this Interim MD&A is May 19, 2022.

All financial results presented in this Interim MD&A are expressed in Canadian dollars unless otherwise indicated.

Description of Business

St Charles was incorporated on July 16, 2021 under the Ontario Business Corporations Act. The Company is carrying on business as a Capital Pool Company (“CPC”), as such term is defined in TSX Venture Exchange (the “Exchange”) Policy 2.4 – Capital Pool Companies (“Exchange CPC Policy 2.4”). As of the date of this MD&A, the Company has no business operations and has not entered into any agreements to acquire an interest in businesses or assets.

The Company completed its Initial Public Offering (the “IPO”) on April 26, 2022, and the Company's shares commenced trading on the Exchange under the symbol “SCRS.P” on the same day.

The Company's principal purpose is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholder approval and acceptance by the Exchange. The Company currently intends to pursue a Qualifying Transaction (as such term is defined in Exchange CPC Policy 2.4) in the mineral exploration and development industry but there is no assurance that this will be the business sector of a proposed Qualifying Transaction.

As of the date of this Interim MD&A, the Company has 27,360,000 common shares issued and outstanding and a cash position of approximately \$2.1 million.

Initial Public Offering

On April 26, 2022, the Company completed its IPO and issued 20,000,000 common shares in the capital of the Company at \$0.10 per share for gross proceeds of \$2,000,000, pursuant to an amended and restated final prospectus

dated April 7, 2022 (the “Prospectus”) filed with the Ontario, British Columbia and Alberta Securities Commissions and the Financial and Consumer Affairs Authority of Saskatchewan. The Company’s shares were listed on Tier 2 of the TSXV as a Capital Pool Company on April 26, 2022 under the symbol SCRS.P.

The gross proceeds raised from the IPO may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a proposed Qualifying Transaction, with the exception that general and administrative expenses not to exceed \$3,000 per month may be incurred, including for professional accounting, advisory, and legal services expenses, and are not time limited.

iA Private Wealth Inc. (the “Agent”) acted as agent for the IPO. Pursuant to the IPO, the Company compensated the Agent as follows: (1) a cash commission equal to 10% of the gross proceeds of the IPO, (2) a corporate finance fee of \$12,500 and (3) options to purchase up to 2,000,000 shares of the Company (the “Agent’s Options”) at a price of \$0.10 per share, exercisable for a period of 60 months from the closing date of the Offering.

Grant of stock options

At the closing of the IPO, the Company also granted stock options (the “CPC Options”) to directors of the Company to acquire up to an aggregate of 2,736,000 shares. Each CPC Option is exercisable to acquire one share at a price of \$0.10 per share, exercisable for a period of 60 months from the listing date of the shares.

Outstanding securities

Following the completion of the IPO, the Company has 27,360,000 shares issued and outstanding (consisting of 7,360,000 seed common shares (the “Seed Shares”) issued in 2021 and 20,000,000 common shares issued as part of the IPO), 2,000,000 shares reserved for issuance upon exercise of the Agent’s Options and 2,736,000 shares reserved for issuance upon exercise of the CPC Options.

Shares subject to escrow

All issued and outstanding Seed Shares and CPC Options are held in escrow pursuant to the terms of an Escrow Agreement dated February 11, 2022 between the Company, TSX Trust Company, and the holders of the Seed Shares and CPC Options. In accordance with Exchange CPC Policy 2.4, they will be released as to 25% on the date of the final Qualifying Transaction Exchange bulletin and an additional 25% on each of the dates that are 6, 12 and 18 months thereafter. All common shares acquired on exercise of CPC Options will have to be deposited and held in escrow pursuant to the requirements of the Exchange. In addition, any securities of the Company acquired from treasury by non-arm’s length parties to the Company before the completion of a Qualifying Transaction will have to be deposited and held in escrow.

Operating Activities

The Company incurred a net loss of \$5,350 (nil per share) during the three months ended March 31, 2022, which consisted in travel expenses of \$5,202 related to project evaluation and general and administration expenses of \$148.

As at March 31, 2022, the Company has deferred financing costs of \$80,435 related to the IPO, consisting of a corporate finance fee of \$12,500, legal and audit fees of \$49,070 and regulatory fees of \$18,865. In accordance with the Company's accounting policies, these expenses will be reclassified to share issue expenses, as part of equity, on completion of the IPO.

Liquidity and Capital Resources

As at March 31, 2022, the Company had a working capital of \$362,006 compared to a working capital of \$367,356 at December 31, 2021.

The Company funds its activities through equity financing. Subsequent to March 31, 2021, the Company completed its IPO raising net proceeds of approximately \$1.8 million, after deducting the cash commission paid to the Agent and the deferred financing costs related to the IPO. The current cash on hand is expected to be sufficient to meet the Company's liquidity requirements until a Qualifying Transaction has been completed. Upon completion of a Qualifying Transaction, additional capital may be required.

Risk Factors

An investment in the Company's common shares is highly speculative. The Company has no active business or assets other than cash. The Company does not have a history of operations. There is no assurance that it will generate revenue, operate profitably or provide a return on investment in the future.

The Company has only limited funds with which to identify and evaluate potential Qualifying Transactions. There can be no assurance that the Company will be able to identify a suitable Qualifying Transaction. Further, even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to complete the transaction. Completion of any Qualifying Transaction is subject to a number of conditions, including acceptance by the Exchange and in the case of a non-arm's length Qualifying Transaction, a majority of minority approval.

The Qualifying Transaction may be financed in whole, or in part, by the issuance of additional securities by the Company. This may result in further dilution to investors, which dilution may be significant.

Upon public announcement of a proposed Qualifying Transaction, trading in common shares of the Company will be halted and will remain so until certain reviews are conducted and obligations satisfied.

Other risk factors associated with the Company are presented in the Company's Amended and Restated Prospectus dated April 7, 2022 available on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-Looking Information

This MD&A includes forward-looking statements and information concerning expected future events, the future performance of the Company, its operations, and its financial performance and condition. These forward-looking statements and information include, among others, statements with respect to the Company's objectives and strategies

to achieve those objectives, as well as statements with respect to its beliefs, plans, expectations, anticipations, estimates, and intentions. When used in this MD&A, the words "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words.

These forward-looking statements and information are based on current expectations. The Company cautions that all forward-looking statements and information are inherently uncertain and actual future results, conditions, actions or events may differ materially from the targets, assumptions, estimates, or expectations reflected or contained in the forward-looking statements and information, and that actual future results, conditions, actions, events, or performance will be affected by a number of factors including economic conditions and competitive factors, many of which are beyond the Company's control.

Forward-looking statements used in this MD&A are subject to various risks and uncertainties, most of which are difficult to predict and generally beyond the control of the Company. If risks or uncertainties materialize, or if underlying assumptions prove incorrect, the actual results may vary materially from those expected, estimated or projected. The Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Given these uncertainties, the reader of the information included herein is cautioned not to place undue reliance on such forward-looking statements.

Additional Information and Continuous Disclosure

Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR (www.sedar.com).