

ST CHARLES RESOURCES INC.
(a Capital Pool Company)
MANAGEMENT'S DISCUSSION AND ANALYSIS
– QUARTERLY HIGHLIGHTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 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 September 30, 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 and nine months ended September 30, 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 October 27, 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 “**TSXV**”) Policy 2.4 – Capital Pool Companies (“**CPC Policy 2.4**”). The Company's principal purpose is the identification, evaluation and acquisition of businesses or assets with a view to completing a Qualifying Transaction as defined in and in accordance with the CPC Policy 2.4.

The Company completed its Initial Public Offering (the “**IPO**”) on April 26, 2022, and the Company's common shares (the “**Shares**”) commenced trading on the TSXV under the symbol “**SCRS.P**” on the same day. The Company is a reporting issuer in Ontario, British Columbia, Alberta and Saskatchewan.

On September 2, 2022, the Company entered into a letter of intent in respect of a proposed business combination transaction as described in the *Proposed Qualifying Transaction and Share Trading Halt* section below.

As of the date of this Interim MD&A, the Company has 27,360,000 Shares issued and outstanding and a cash position of approximately \$1.9 million.

Proposed Qualifying Transaction and Share Trading Halt

On September 2, 2022, the Company entered into a letter of intent with Eastern Resources OOD (“**Eastern Resources**”) in respect of a proposed business combination transaction pursuant to which the Company would acquire

all of the issued and outstanding securities of Eastern Resources (the “**Proposed Transaction**”). It is intended that the Proposed Transaction will constitute the Company’s Qualifying Transaction.

Eastern Resources is a private gold exploration company incorporated under the laws of Bulgaria with its head office located in Sofia, Bulgaria. Bulgaria has been a member of the European Union since 2007. Eastern Resources has four shareholders: Seefin Capital OOD, as represented by Mr. Sean Hasson, Balkan Mineral & Discovery EOOD, as represented by Mr. Danko Jelelev, GEOPS-Bolkan Drilling Services EOOD, as represented by Mr. Vasil Andreev and Dundee Resources Ltd. a wholly owned subsidiary of Dundee Corporation, Ontario, Canada.

Eastern Resources controls 100% of two quality epithermal gold projects located in the Bulgarian portion of the Western Tethyan Belt: the Kutel Gold Project and the Kostilkovo Gold Project.

The Kutel Gold Project is located in the Eastern Rhodope, in the south-east of Bulgaria, approximately 150 km to the southeast of Sofia, the capital of Bulgaria, in the Municipalities of Chepelare, Smolyan Region and Laki, Plovdiv Region. The Kutel Gold Project consists of a 15km² low-sulfidation epithermal system with additional exploration potential on a 24.4km² Kutel exploration licence area. Eastern Resources has identified a large (15km²) quartz-adularia-illite paleogeothermal system which has been largely preserved from erosion and is supported by a strong and extensive gold-silver-arsenic-antimony surface geochemical soil response. Multiple hydrothermal explosion breccias (also known as phreatic breccias) have been identified through geological mapping and prospecting which contain clasts of gold mineralised quartz-adularia-illite vein material which have been transported from depth to a higher elevation.

The Kostilkovo Gold Project is located 270 kilometres south-east of the capital city of Bulgaria, Sofia, close to the border with Greece, in the Municipality of Ivailovgrad within the Haskovo Region. The town of Ivailovgrad is the regional centre, located 13 kilometres north-east of the Kostilkovo Gold Project. The Kostilkovo Gold Project consists of a 10km² low-sulfidation epithermal system with additional exploration potential on a 66.18km² Chukata exploration licence area. Through a detailed analysis of historical data as well as via an extensive mapping and prospecting program, Eastern Resources has established the presence of a large (10 km²) low-sulfidation epithermal system on the Project, with multiple upflow zones containing quartz-adularia-illite vein material identified. This project has not yet been fully explored and it is Eastern Resources’ opinion that additional potential for low-sulfidation epithermal systems exist on the project.

St Charles has contracted AMC Mining Consultants (Canada) Ltd. to complete a National Instrument 43-101 (“**NI 43-101**”) technical report in respect of each of the Kutel Gold Project and the Kostilkovo Gold Project. The above scientific and technical information was prepared by Mr. Sean Hasson, a member of the Australian Institute of Geoscientists (AIG) who is the Executive Director Exploration of Eastern Resources and a “qualified person” in accordance with NI 43-101.

The letter of intent contemplates that the Company, Eastern Resources and the shareholders of Eastern Resources (if required pursuant to the terms of the Proposed Transaction) will enter into a definitive agreement on or before November 30, 2022 (the “**Definitive Agreement**”), pursuant to which the Company will acquire all of the issued and outstanding Eastern Resources shares in exchange for Shares in the capital of the Company. It is anticipated that the

Proposed Transaction will be structured as a direct share exchange, three-cornered amalgamation, plan of arrangement or other structure based on the advice of the Parties' respective advisers and taking into account various securities, tax, operating and other considerations.

Pursuant to the Proposed Transaction, the Company intends on issuing Shares to holders of Eastern Resources shares on the basis of 952,380 Shares of the Company for each one (1) Eastern Resources share, for an aggregate of 33,333,300 Shares to be issued in exchange for 100% of the issued and outstanding Eastern Resources shares, being 35 Eastern Resources shares.

It is anticipated that the corporation resulting from the Proposed Transaction (the "**Resulting Issuer**") will carry on the business of Eastern Resources. The business of the Resulting Issuer will be primarily focused on the exploration of the Kutel Gold Project, the Kostilkovo Gold Project, and the acquisition of additional properties in line with its focused exploration strategy.

Completion of the Proposed Transaction is conditional upon, among other standard conditions for a transaction of this nature including, among other things: (i) the negotiation, execution and delivery of the Definitive Agreement; (ii) completion of two NI 43-101 technical reports in respect of the Kutel Gold Project and the Kostilkovo Gold Project that are acceptable to the TSXV and the Company; (iii) the delivery of audited, unaudited and pro forma financial statements; (iv) Eastern Resources delivering a title opinion for each of the Kutel Gold Project and the Kostilkovo Gold Project in a form and content reasonably satisfactory to the Company; (v) receipt of all required consents and approvals for the Proposed Transaction and the Definitive Agreement; (vi) completion of satisfactory due diligence by each party; and (vii) TSXV acceptance. There can be no assurance that all of the necessary regulatory and shareholder approvals will be obtained or that all conditions of closing will be met.

In accordance with the letter of intent, the deadline for the completion of the Proposed Transaction is February 28, 2023, or such other date as may be agreed upon by the parties in writing. Either the Company or Eastern Resources may terminate the letter of intent if the Definitive Agreement is not entered into on or before November 30, 2022 or such other date as agreed to by the parties in writing.

The Company has engaged iA Capital Markets, a division of iA Private Wealth Inc. (the "**Sponsor**") to act as sponsor for the Proposed Transaction. Subject to completion of satisfactory due diligence, the Sponsor has agreed to act as sponsor in connection with the Proposed Transaction. An agreement to sponsor should not be construed as any assurance with respect to the merits of the transaction or the likelihood of completion.

In connection with the Proposed Transaction and pursuant to the requirements of the TSXV, the Company intends to file a filing statement on its issuer profile on SEDAR (www.sedar.com), which will contain relevant details relating to the Proposed Transaction, the Company, Eastern Resources and the Resulting Issuer. Upon closing of the Proposed Transaction, it is anticipated that the Resulting Issuer will be listed as a Tier 2 mining issuer on the TSXV, with Eastern Resources as the Company's primary operating subsidiary.

Trading in the Shares of the Company was halted on September 2, 2022, pursuant to the policies of the TSXV. Trading will remain halted until, among other things, the Company completes certain regulatory filings in connection with the Proposed Transaction and the TSXV has completed certain matters it considers necessary or advisable.

Proposed Directors and Officers of the Resulting Issuer

Subject to TSXV approval, the proposed board of directors of the Resulting Issuer may be reconstituted to consist of six (6) directors, all of whom will be nominated by the parties mutually. Accordingly, all other existing directors and officers of the Company will resign at or prior to the closing of the Proposed Transaction. As disclosed in the Company's news release issued on September 8, 2022, it is expected that at closing of the Proposed Transaction, the following individuals are expected to be appointed as directors and/or officers of the Resulting Issuer:

Mr. James Crombie, Executive Chairman and Director

Mr. Sean Hasson, President, Chief Executive Officer and Director

Dr. Mihaela Maria Barnes, Independent Director

Mr. Colin Jones, Independent Director

Mr. Laurence (Laurie) Marsland, Independent Director

Mr. Jeff Pennock, Chief Financial Officer

A sixth director to be identified by Eastern Resources may be appointed to the Board on closing.

Insiders of the Resulting Issuer other than Directors and Officers

Mr. Danko Jeleu is a shareholder of Eastern Resources and is expected to hold over 10% of the issued and outstanding shares of the Resulting Issuer upon completion of the Proposed Transaction. Mr. Vasil Andreev is a shareholder of Eastern Resources and is expected to hold over 10% of the issued and outstanding shares of the Resulting Issuer upon completion of the Proposed Transaction.

Operating Activities

The Company incurred a net loss of \$95,843 (\$0.00 per share) during the three months ended September 30, 2022, which consisted mainly in qualifying transaction costs of \$91,109 (including \$46,609 relating to the preparation of NI 43-101 technical reports, \$30,000 as a work fee paid to the Sponsor, and \$14,500 in legal, audit and regulatory expenses), travel expenses of \$9,162 and general and administration expenses of \$6,718.

Liquidity and Capital Resources

As at September 30, 2022, the Company had a working capital of \$1,907,231 compared to a working capital of \$367,356 at December 31, 2021. The increase in the working capital during the nine months ended September 30, 2022 is attributable to the net proceeds of \$1,686,700 raised from the IPO and finance income of \$16,297 on liquidities held, partially offset by qualifying transaction costs of \$128,088, travel expenses of \$16,975, management and administration

expenses of \$11,334 and the acquisition of computer equipment of \$3,640. Working capital at September 30, 2022 included cash and cash equivalents of \$1,957,153.

On April 26, 2022, the Company completed its IPO issuing 20,000,000 Shares at \$0.10 per share for gross proceeds of \$2,000,000. Share issue expenses related to this offering amounted to \$313,300. The gross proceeds raised from the IPO may only be used to identify and evaluate assets or businesses with a view of completing a qualifying transaction, provided however that general and administrative expenses not to exceed \$3,000 per month may be incurred, including for professional accounting, advisory, and legal services expenses.

The Company funds its activities through equity financing. The current cash on hand is expected to be sufficient to meet the Company's obligations for at least twelve months from the end of the reporting period. The Company may not have sufficient funds to secure assets or businesses once identified and evaluated and additional capital may be required to complete a Qualifying Transaction.

Outstanding securities

As at October 27, 2022, 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 Shares issued as part of the IPO), 2,000,000 Shares reserved for issuance upon exercise at a price of \$0.10 of the options granted to the agent for the IPO (exercisable for a period of 60 months from the closing date of the IPO) and 2,736,000 Shares reserved for issuance upon the exercise at a price of \$0.10 of stock options (the "**CPC Options**") granted to directors of the Company on April 26, 2022 (exercisable for a period of 60 months until April 25, 2027).

Shares subject to escrow

All issued and outstanding Seed Shares and CPC Options are held in escrow pursuant to the terms of Escrow Agreements dated February 11, 2022 (Seed Shares) and April 26, 2022 (CPC Options) between the Company, TSX Trust Company, and the holders of the Seed Shares and CPC Options. In accordance with TSXV CPC Policy 2.4, they will be released as to 25% on the date of the final Qualifying Transaction TSXV bulletin and an additional 25% on each of the dates that are 6, 12 and 18 months thereafter. All Shares acquired on exercise of CPC Options will have to be deposited and held in escrow pursuant to the requirements of the TSXV. 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.

Risk Factors

An investment in the Company's 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 complete the Proposed Transaction described above. Completion of the Qualifying Transaction is subject to a number

of conditions, including acceptance by the TSXV. 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. Other risk factors associated with the Company are presented in the Company's 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 the completion of the Proposed Transaction and the timing thereof, the execution of the Definitive Agreement, the proposed business of the Resulting Issuer, references to the potential of the Kutel Gold Project and the Kostilkovo Gold Project, the completion of NI 43-101 technical reports, the proposed directors and officers of the Resulting Issuer, the completion of satisfactory due diligence by the Sponsor, TSXV sponsorship requirements, shareholder and regulatory approvals, 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).