



**MacDonald Mines Exploration Ltd.**

**Management's Discussion and Analysis**

For the three months ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

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*This Management's Discussion and Analysis ("MD&A") of financial position and results of operations of MacDonald Mines Exploration Ltd. ("MacDonald Mines", "MacDonald" or the "Company") has been prepared based on information available to MacDonald Mines at May 30, 2023, the date of this MD&A, and should be read in conjunction with MacDonald Mines' condensed interim unaudited financial statements and related notes for the three months ended March 31, 2023 and 2022. The condensed interim unaudited financial statements and MD&A are presented in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements under International Accounting Standard 34, Interim Financial Reporting.*

*Readers are cautioned that this MD&A may contain forward-looking statements and that actual events may vary from management's expectations. Readers are encouraged to read the "Cautionary Statement on Forward-Looking Information" at the end of this MD&A and to consult MacDonald Mines' condensed interim unaudited financial statements and related notes for the three ended March 31, 2023 and 2022, which are available on our website at [www.macdonaldmines.com](http://www.macdonaldmines.com) and under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).*

## **Company Overview**

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MacDonald Mines is a publicly listed corporation trading on the TSX Venture Exchange ("TSXV") under the symbol BMK. It is involved primarily in the identification, acquisition, and advancement of mineral properties, focusing on critical metals and gold exploration in Northern Ontario, Canada. The Company does not operate any mines.

MacDonald Mines' continued operations are dependent upon the Company's ability to obtain financing for the continued exploration of its mineral properties. The Company has not yet determined whether any of its mineral properties contain mineralization that is economically recoverable.

As of May 30, 2023, the Company had 3 employees and several independent contractors who provide certain professional, administrative and geological services to the Company. The independent contractors include corporations and individuals who may be officers or directors of MacDonald Mines.

The long-term business objectives of the Company are to:

- acquire mineral properties it considers prospective to strengthen its portfolio of properties;
- advance the geological knowledge of its mineral properties through successive exploration programs; and
- if deemed advantageous, continue development or dispose of its mineral properties.

The value of an exploration property is highly dependent upon the discovery of economically recoverable mineralization, the long-term preservation of the Company's ownership interest in the underlying mineral property, the ability of the Company to obtain the necessary funding to complete sufficient exploration activities on the property, and the prospects of any future profitable production therefrom, or the Company's ability to dispose of its property interests on an advantageous basis.

Risk factors considered in achieving the Company's business objectives include the risk that exploration activities may not result in the discovery of minerals or the definition of any mineral resources or reserves. Significant expenses could be required to define mineral reserves, while environmental, land title and competitive issues may prevent any mineral reserves development. Further, the Company may fail to generate adequate funding to develop mineral reserves.

The Company accepts the risks inherent to mineral exploration programs and the exposure to the cyclical nature of mineral prices. The Company relies on its management team's geological and industry expertise and engages sub-contractors to complete certain aspects of its exploration programs.

## **Recent Corporate Developments**

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On March 30, 2023 Greg Romain resigned as CEO and director of the Company.

On April 5, 2023, Steven Butler resigned as a director of the Company.

On April 13, 2023, the Company announced that it agreed to settle a debt of \$12,500 owing to Mr. Romain, the Company's former CEO who resigned on March 30, 2023, through the issuance of common shares of the Company in accordance with applicable shares-for-debt policies of the TSXV. The Company and Mr. Romain have entered into a debt settlement agreement which provided that the debt would be settled by the issuance of 178,572 common shares at a deemed price of \$0.07 per common share. The common shares issued pursuant to the settlement are subject to a four-month hold period.

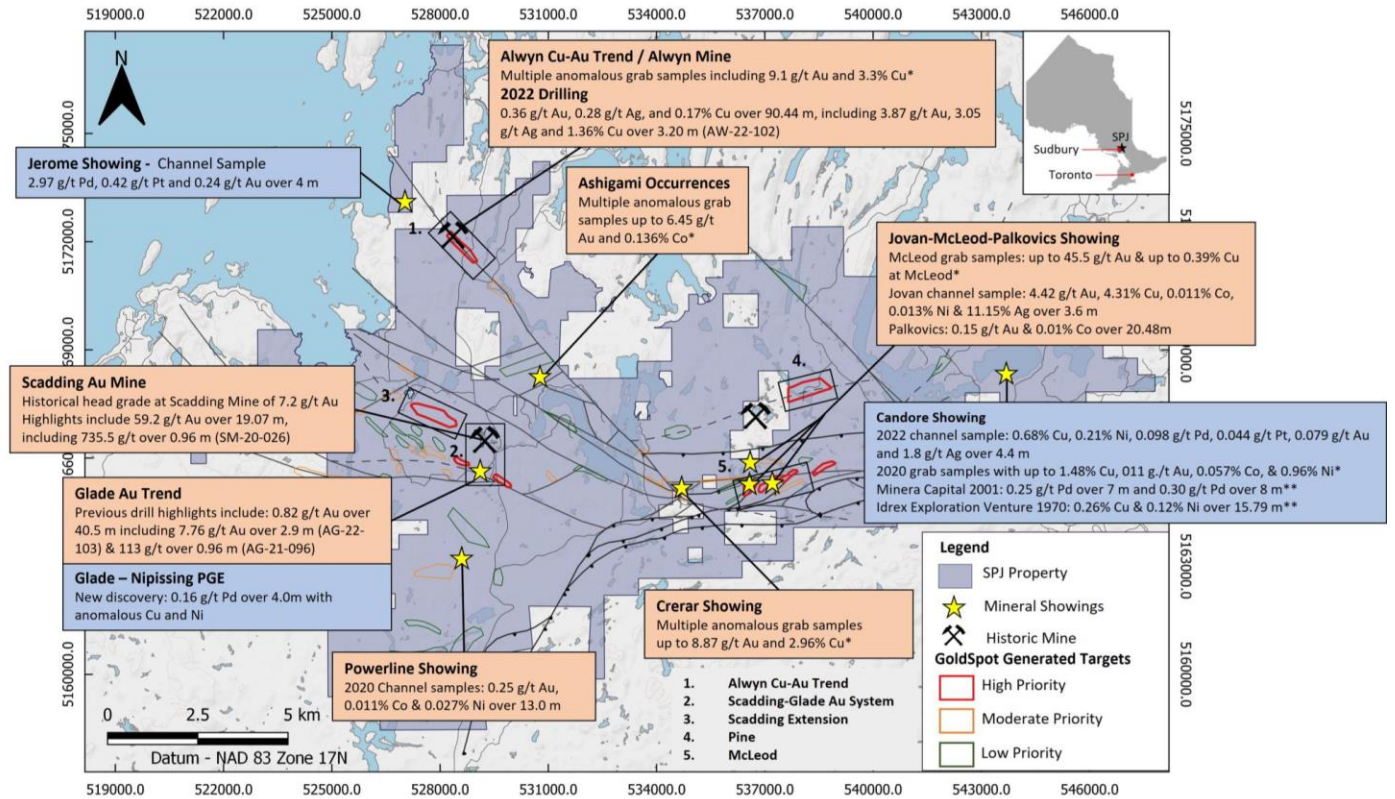
On April 19, 2023, the Company announced the appointment of Mike England as Interim CEO and Director.

On May 5, 2023, the Company closed a non-brokered private placement offering for gross proceeds of \$455,000. The offering consisted of (i) 6,000,000 flow-through units ("FT Unit") at a price of \$0.05 per FT Unit, with each FT Unit comprised of one Class A common share and one Common Share purchase warrant, for proceeds of \$300,000 and (ii) 3,100,000 Units at a price of \$0.05 per Unit, with each Unit comprised of one non-flow-through Common Share and one Warrant, for proceeds of \$155,000.

## **Exploration Update & Outlook**

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MacDonald Mines is a Canadian gold and base metal exploration company focused on exploring its 100%-owned, 19,720 ha (197 km<sup>2</sup>) Scadding-Powerline-Jovan ("SPJ") Project (see Figure 1), 20 km southeast of the prolific Sudbury Mining Camp in Northern Ontario. The Company's focus is to locate what it theorizes to be a large hydrothermal system capable of forming critical and precious metal deposits. Currently, the main areas of interest correspond to the polymetallic structures surrounding the Alwyn copper-target and the mineralized system associated with past producing Scadding Gold Mine discovered at the Glade prospects. The Company is also delimiting the potential of other critical and precious metal systems surrounding Candore and Jerome within the SPJ Project with potential for nickel, copper, and PGE's. The demand and need for critical metals is at an all-time high, and MacDonald Mines' believes the SPJ Property Area has the potential to be part of the supply solution.



**Figure 1 - SPJ Property**

*\*The reader is cautioned that grab samples are selective by nature and do not represent the true metal content of the mineralized zone and that the qualified person has not done enough work to verify the historical results.*

On March 3, 2023 the Company announced results from its' broad gravity survey completed over the Alwyn Copper-Gold ("Cu-Au") Trend ("Alwyn") on its 100% SPJ property.

ALS GoldSpot Discoveries Ltd. ("ALS GoldSpot") identified 5 high priority gravity targets potentially representing zones of iron-rich alteration associated along the prospective McLaren Lake Fault Zone ("MLFZ") by integrating MacDonald Mines' newly completed Alwyn gravity survey with regional magnetic surveys. All anomalous gravity high zones are spatially associated to the MLFZ, as well as intersections of structural lineaments that could provide the primary plumbing for mineralizing fluids in this system. A 250 m long, northwest trending positive gravity target was identified immediately adjacent to the 2022 Alwyn drilling. Combined with observations of increasing iron enrichment at depth with the persistence of Cu mineralization in drilling, this anomaly supports the hypothesis for a zone of iron-rich alteration with potential to host Iron-Oxide-Copper-Gold ("IOCG") mineralization at Alwyn. Magnetic lows highlighted by ALS GoldSpot's MinusONE inversion methods outline possible regions of strong albitization associated with the MLFZ.

On March 21, 2023 the Company announced results from new surface exploration results from the Ashigami Cu-Au occurrence ("Ashigami"), 4.5 Km SE of Alwyn, both located along/adjacent to the McLaren Lake Fault Zone ("MLFZ") on its 100% owned SPJ property.

New grab samples from Ashigami blast pit containing 1.00 to 6.45 g/t gold, 3.11 to 5.55 % copper and 133 to 211 ppm cobalt. The reader is cautioned that grab samples are selective by nature and do not necessarily represent the true metal content of the mineralized zones. Mineralization consists primarily of chalcopyrite with pyrite within dense multidirectional networks of quartz-carbonate veins, hosted in Gowganda formation sediments. Very comparable to veining and mineralization observed in the Alwyn Cu-Au trend. Located 4.5 km southeast of the historic Alwyn Mine and adjacent to the prospective MLFZ, the Ashigami Cu-Au occurrence may represent an extension of the mineralized system observed along the Alwyn Cu-Au trend drilled in 2022.

On May 12, 2023, the Company announced its upcoming plans to drill along the prospective McLaren Lake Fault Zone ("MLFZ") at the Alwyn Copper-Gold ("Cu-Au") trend ("Alwyn"), as well as the Glade Gold ("Au") trend ("Glade") located on MacDonald Mines 100% owned SPJ Project near Sudbury, Ontario. The company also reported new results received from its collaboration with ALS GoldSpot that have been integrated in the planning of the drilling program. Drilling is planned to begin early June 2023.

Along the McLaren Lake Fault System, the Company is planning up to 1,200 m of drilling to target copper-gold mineralization primarily in the Alwyn Cu-Au trend and potentially at the Ashigami occurrence.

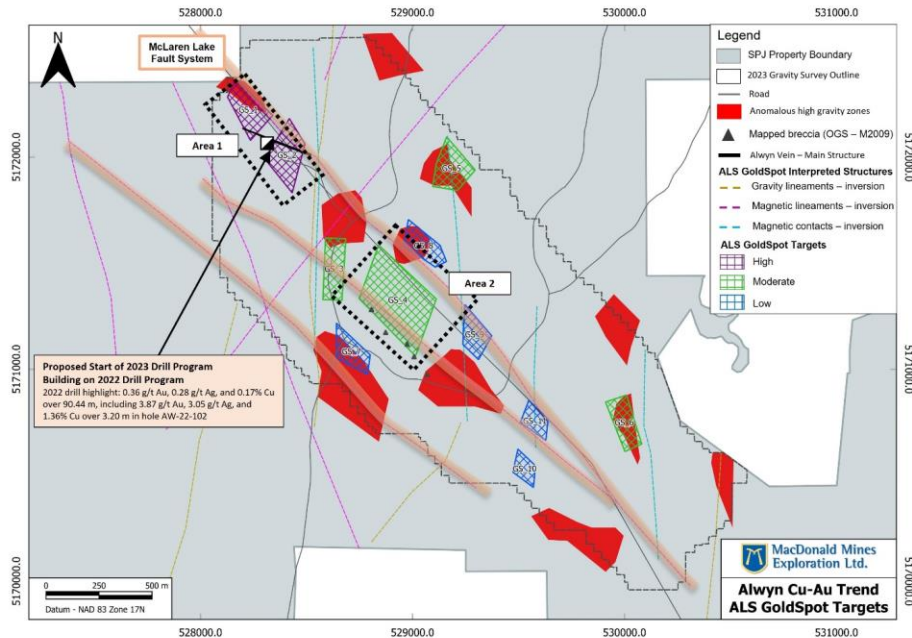
In the Glade Au trend, the Company is planning up to 350 m of drilling.

- Drilling in Alwyn Cu-Au trend aims to:
  - Expand the footprints laterally and at depth of the vein networks mineralized in copper and gold identified during the 2022 drilling program and indicated by historical drilling (AFRI 41110NE0158),
  - Test the association between gravity highs and hydrothermal iron enrichments that could be suggestive of the presence of iron-rich copper-gold mineralization affiliated with iron oxide copper-gold ("IOCG") mineralization.
  - Drilling will integrate new data that support the extension of copper-gold mineralization outside of the area tested in 2022 that include:
    - The results from the 2023 gravity survey and 10 new targets generated by ALS GoldSpot in the Alwyn Cu-Au trend,
    - An updated geological and structural model for copper-gold mineralization at Alwyn, built using recent and digitized historical data and the Company's collaboration with ALS GoldSpot (AFRI 41110NE0158; Figure 4).
- Contingent on positive surface exploration results in 2023, limited drilling could also test copper-gold and cobalt-gold mineralization at the Ashigami occurrence, located 4.5 km southeast of the historical Alwyn Mine:

- Recent and historical exploration results indicate the presence of copper-gold mineralization comparable to what is observed in the Alwyn Cu-Au trend, as well as similar size potential to the Alwyn mineralized system (AFRI 41110NE0169).
- Drilling at the Glade Au trend will continue to test for the presence of gold-mineralized iron-rich chlorite alteration discovered during the drilling program of 2022 that is comparable to what is observed at the Scadding Deposit.
  - That zone of chlorite alteration contained 0.82 g/t gold over 40.5 m including 7.76 g/t gold over 2.9 m in AG-22-103 (see news release of September 19, 2022).

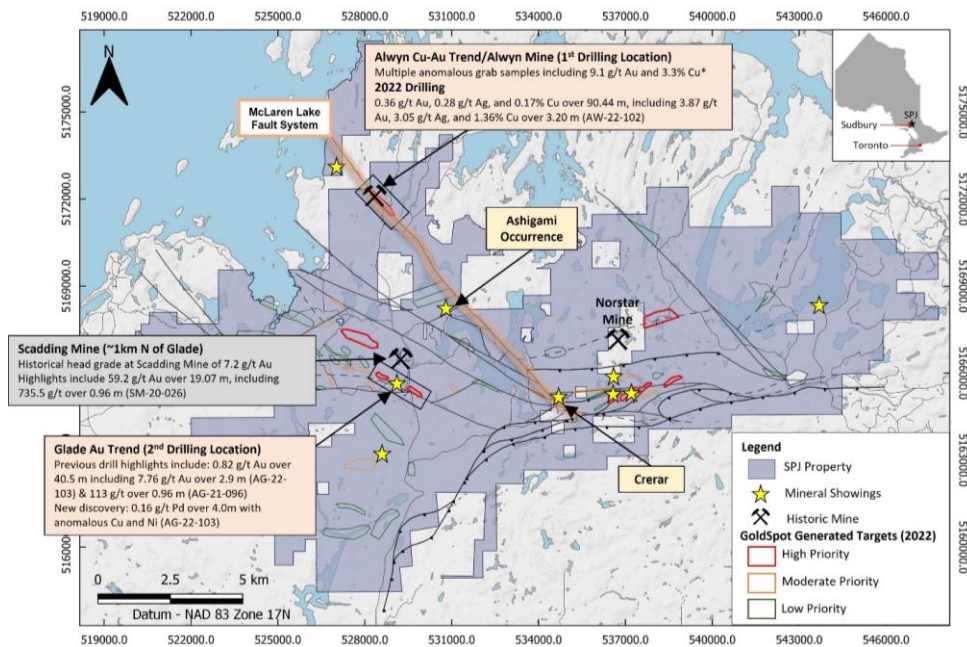
Highlights of the ALS GoldSpot-Macdonald Mines Collaboration:

- ALS GoldSpot has identified and ranked 10 favourable, near-surface exploration targets distributed along the prospective MLFZ and an intersecting N-S fault system. Three of these targets have been prioritized by MacDonald Mines for additional exploration in 2023 (Figure 2).
  - Area 1 – Northwestern and southeastern extensions of the Alwyn Cu-Au trend (Targets GS\_1 & GS\_2)
    - High-priority targets located in the north-west and south-east extensions of the area tested during the 2022 drill program near the historical Alwyn Mine.
    - Northwestern target overlaps with a gravity high suggesting the presence of iron-rich alteration at Alwyn (see March 3<sup>rd</sup> 2023 news release).
    - Historical drilling (AFRI 41110NE0158) indicates the presence of quartz-carbonate veining associated with chalcopyrite mineralization in the southern-eastern target with comparable descriptions to the observations made during 2022 drilling. This information has also provided critical information for building the 3D model of the Alwyn shear/vein system outside of the known area.
  - Area 2 – Possible extension of the Alwyn Cu-Au trend 730 m south-east of the Alwyn Mine (Target GS\_4)
    - Largest exploration target generated by ALS GoldSpot along the MLFZ.
    - A breccia zone visible on the geological map M2009 overlaps with the with ALS GoldSpot's target suggesting the presence of tectonic deformation and hydrothermal alteration associated with Cu-Au mineralization.
    - Overlaps with a strong gravity high located at depth along the MLFZ.



**Figure 2. ALS GoldSpot AI generated targets and proposed location for 2023 drill program at Alwyn.**

Note that drilling will take place within Area 1, which encompasses two of the highest priority ALS GoldSpot targets. Area 2 outlines the other major area of interest highlighted by ALS GoldSpot, which will be followed up on with prospecting and mapping this summer.



**Figure 3. Locations of 2023 drilling, starting with the Alwyn Cu-Au trend and moving onto the Glade Au trend, with the possibility of pursuing the Ashigami occurrence.**

\*The reader is cautioned that grab samples are selective by nature and do not represent the true metal content of the mineralized zone.

### Copper-gold mineralization along the McLaren Lake Fault Zone

The MLFZ is emerging as a compelling exploration target for copper-gold and potentially cobalt-gold mineralization. Along the 2.5 km Alwyn Cu-Au trend defined in collaboration with ALS GoldSpot, near-surface copper-gold mineralization is associated with networks of quartz-carbonate veins. The 2023 gravity survey and data from the 2022 drilling program suggest that Cu-Au mineralization associated with iron-rich alteration could be present in the deeper extensions of the systems (see Figure 1 and news release of March 3, 2023).

Regionally, the MLFZ is highly prospective for critical and precious metals mineralization. In addition to Alwyn, along the MLFZ on the SPJ Project the primary targets include the Ashigami and the Crerar showings, located respectively 4.5 km and 9.5 km southeast of the Alwyn mine (Figure 2).

New grab samples from Ashigami blast pit containing 1.00 to 6.45 g/t gold, 3.11 to 5.55 % copper and 133 to 211 ppm cobalt were obtained by MacDonald Mines in 2023 (see news release of March 21, 2023). The reader is cautioned that grab samples are selective by nature and do not necessarily represent the true metal content of the mineralized zones. Mineralization at the Ashigami showing consists primarily of chalcopyrite with pyrite within dense multidirectional networks of quartz-carbonate veins, hosted in Gowganda formation sediments. That style of Cu-Au mineralization is very comparable to veining and mineralization observed in the Alwyn Cu-Au trend.

### Glade Target

The 2023 drilling program in the Glade Au trend will follow up on the successful drilling results of the 2022 and 2021 drilling programs. In 2022, hole AG-22-103 intersected three shallow zones of gold mineralization containing in core length 0.47 g/t gold over 8.5m, 0.71 g/t gold over 10.35 m and 0.82 g/t gold over 40.5 m including 7.76 g/t gold over 2.9 m core length (see news release of September 19, 2022). In 2021, hole AG-21-097 confirmed the presence of high-grade gold mineralization in the Glade trend with the intersection of 113 g/t gold over 0.96 m core length (see news release of May 13, 2021).

Drilling will also continue to test the PGM potential of the Nipissing intrusion hosting the Glade system identified in the 2022 drilling program with the intersection of 0.16 g/t Pd over 4.00 m in AG-22-103 with anomalous Cu and Ni at the contact(s) between individual intrusions in the Glade Nipissing intrusion.



## Significant Events

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### Capital

#### *Fiscal 2023*

On March 21, 2023, the Company granted, under the Company's stock option plan, of 680,000 stock options to certain directors, officers, employees, and consultants of the Company. The options entitle the holders to purchase the same number of common shares of the Company at a price of \$0.10 per share for a period of five years. The options vested immediately, and the fair value of the stock options granted was estimated to be \$45,424 which was recorded in the statements of loss and comprehensive loss.

On March 21, 2023, the Company issued 71,429 common shares in relation to the Jovan property agreement. The fair value of the shares issued was \$5,000.

On May 5, 2023, The Company closed a non-brokered private placement offering for gross proceeds of \$455,000. The offering consists of (i) 6,000,000 flow-through units ("FT Units") at a price of \$0.05 per FT Unit, with each FT Unit comprised of one Class A common share and one Common Share purchase warrant, for proceeds of \$300,000 and (ii) 3,100,000 Units at a price of \$0.05 per Unit, with each Unit comprised of one non-flow-through Common Share and one Warrant, for proceeds of \$155,000.

On May 12, 2023, the Company announced the grant, under the Company's stock option plan, of 1,000,000 stock options to certain directors, officers, employees, and consultants of the Company. The options entitle the holders to purchase the same number of common shares of the Company at a price of \$0.06 per share for a period of five years.

#### *Fiscal 2022*

On January 18, 2022, the Company issued 150,000 shares pursuant to the Jovan Powerline property acquisition agreement with a fair value of \$60,000.

On January 17, 2022, the Company granted 125,000 stock options to the Company's CEO at an exercise price of \$0.5 per common share. 50% of the options vested immediately upon grant, while the remaining 50% will vest on July 17, 2022. The fair value of the stock options granted was estimated to be \$42,791.

On August 10, 2022, the Company granted 125,000 stock options to a director of the Company at an exercise price of \$0.5 per common share. 50% of the options vested immediately upon grant, while the remaining 50% will vest on February 10, 2023. The fair value of the stock options granted was estimated to be \$9,750.

On December 8, 2022, the Company closed the first tranche of a non-brokered private placement offering for gross proceeds of \$175,500. The Company issued 926,923 flow-through shares at a price of \$0.13 each and 550,000 Units at a price of \$0.10 each (see further details under "Recent Corporate Developments" above).

On December 22, 2022, the Company closed the second tranche of a non-brokered private placement offering for gross proceeds of \$150,007. The Company issued 1,153,900 flow-through shares at a price of \$0.13 each (see further details under "Recent Corporate Developments" above).

## **Exploration Activities and Property Acquisitions and Dispositions**

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### Scadding-Powerline-Jovan Property

The SPJ property consists of the Scadding, Powerline, Jovan, Blueberry, Loney and Golden Copper properties located east of Sudbury in Northern Ontario.

On April 24, 2019, the Company signed definitive agreements with both Northern Sphere Mining Corp. ("Northern Sphere") and Currie Rose Resources Inc. ("Currie Rose") to purchase a 100% interest in the leases comprising the Scadding Mine, as well as additional mineral claims that surround the permitted Scadding Mine site (collectively, the "Scadding Mine"). The Scadding Mine is located in Scadding Township near the Wanapitei – Ashigami Lakes district, 40 kilometres east of Sudbury, Ontario. Northgate Exploration initially mined the site in the 1980s.

To acquire Northern Sphere's 51% interest in the Scadding Mine and 100% interest in the surrounding claims, the Company:

- issued 1,000,000 of the Company's common shares upon transfer of title (the shares were issued on September 10, 2019, with a fair value of \$900,000);
- made a \$100,000 cash payment (the \$100,000 was paid on the closing of the transaction); and
- incurred \$300,000 in eligible exploration expenditures in the 12 months following the acquisition of the Scadding Mine.

To acquire Currie Rose's 49% interest in the Scadding Mine, the Company:

- issued 800,000 of the Company's common shares (the shares were issued on September 4, 2019, with a fair value of \$640,000);
- made a \$50,000 cash payment on transfer of title (the \$50,000 was paid on the closing of the transaction); and
- incurred \$1.5M of eligible exploration expenditures on the leases partially comprising the Scadding Mine.

As part of the agreement, Currie Rose retains a 3% Net Smelter Return ("NSR") on the property. Upon reaching commercial production, the Company agrees to pay Currie Rose \$2,000,000 to reduce the NSR to 2.5%. An additional 1% of the NSR can be bought back for \$1,000,000. 514 Finance Inc. acted as an arms-length advisor to the Company for this transaction and received 200,000 common shares of the Company for its services.

On July 9, 2019, the Company announced the expansion of its SPJ Property. The Company staked 14 claims and purchased an additional 130 claims from Blueberry Development. To acquire a 100% interest in the claims owned by Blueberry Development, MacDonald paid the seller \$50,000 in cash and issued 300,000 common shares. The deal closed on August 15, 2019, and the fair value of the common shares issued was \$15,000. On August 6, 2020, the Company made a cash payment of \$66,000 and on September 14, 2020, the Company issued 40,909 common shares with a fair value of \$45,000 in accordance with the agreement. On July 15, 2021, the Company made a cash payment of \$26,000 and paid the remaining balance owing of \$50,000 on January 11, 2022. The Company also issued 150,000 common shares on January 11, 2022, with a fair value of \$60,000 in accordance with the agreement. All obligations to acquire 100% interest in the claims have now been fulfilled and the claims have been transferred over to the Company.

On September 2, 2019, the Company agreed to acquire a 100% interest in 151 claims from Klondike Bay Resources (Loney Property). The claims are contiguous to MacDonald's property and cover future extensions of the gold-rich potential Iron-Oxide-Copper-Gold ("IOCG") system identified at the Scadding Mine. The consideration payable by the Company was as follows:

- \$20,000 and 20,000 common shares on the signing of the agreement;
- \$30,000 and 30,000 common shares on or before the first anniversary of the agreement; and
- \$30,000 and 25,000 common shares on or before the second anniversary of the agreement.

The Company made a cash payment of \$20,000 upon signing the definitive agreement. On November 8, 2019, the Company issued 20,000 common shares, the fair value of which was \$20,000. The 30,000 common shares due on the first anniversary of the agreement were issued on September 30, 2020, with a fair value of \$33000, while the \$30,000 cash payment was made on November 3, 2020. The 25,000 common shares due on the second anniversary were issued on September 17, 2021 with a fair value of \$12,500, while the cash payment of \$30,000 was made on September 24, 2021.

On October 2, 2019, the Company purchased from Golden Copper Corp. a 100% interest in 38 mining claims located 35 kilometres from Sudbury, Ontario. The Company made a cash payment of \$5,000 upon signing of the definitive agreements. On November 8, 2019, the Company issued 187,500 common shares, the fair value of which was \$187,500.

The new claims add to MacDonald's large SPJ Property package and cover prospective extensions of the potential IOCG system identified at the Scadding Mine. The Scadding Mine produced 29,000 oz of gold from 127,000 tonnes of mineralized material grading 7.2 g/t (OFR 5771) and the large land package surrounding the mine has also yielded multiple discovery areas to explore, including significant showings of copper, cobalt, nickel and silver in addition to high-grade gold.

On February 15, 2021, the Company entered into an agreement to acquire a 100% interest in four claims located on the Jovan property. This acquisition added 36 hectares to the Company's land position. Total consideration for the purchase of the mining claims was \$150,000, of which \$75,000 was paid in cash on the signing of the agreement and \$75,000 was paid in common shares of the Company based on the previous 5-day VWAP. In total 107,143 common shares were issued on April 21, 2021, with a fair value of \$0.70 each.

In April of 2022, 9 mining claims were staked in both Scadding and Street townships. The claims were either within or directly adjacent to the SPJ Property.

The following table summarizes the cumulative exploration and evaluation and property acquisition expenditures the Company has incurred on its SPJ Project:

	\$
<b>Balance, December 31, 2021</b>	<b>9,638,630</b>
Exploration expenditures & property acquisition costs	870,021
<b>Balance, December 31, 2022</b>	<b>10,508,651</b>
Exploration expenditures & property acquisition costs	171,794
<b>Balance, March 31, 2023</b>	<b>10,680,445</b>

### 2023 Drill Program

As mentioned above, in early June, the Company will commence its drill program for 2022. Please see page 2 under "Exploration" for details on the drill program.

## Results of Operations

### First Quarter ended March 31, 2023 (Q1 2023)

The Company realized a net loss in the first quarter of 2023 of \$263,275 (Q1 2022 - net loss \$590,353) mainly due to exploration activities and salaries, professional and consulting fees and share based compensation during the three months ended March 31, 2023.

The Company incurred \$171,794 in exploration expenditures in Q1 2023 (Q1 2022 - \$196,970) comprising exploration activity expenditures on the SPJ property. The Company's spending on exploration activities tends to fluctuate based on the availability of flow-through financing during the year.

Salaries, professional and consulting fees for the first quarter of 2023 were \$65,521 (Q1 2022 - \$169,790). The decrease in 2023 is due to timing of certain legal and regulatory activities compared to the prior year comparable period.

Shareholder communication expenses in the current quarter decreased to \$39,431 (Q1 2022 - \$84,092) which included filing and listing, transfer agent and investor relation fees. The decrease is due to lesser shareholder and investor relation-related activities and campaigns compared to the prior year comparable period.

### Summary of Quarterly Information (Expressed in Canadian dollars)

	Q1 2023	Q4 2022	Q3 2022	Q2 2022
<b>Statement of Loss and Comprehensive Loss</b>				
Exploration and property acquisition expenditures	\$ 171,794	\$ 198,394	\$ 128,153	\$ 346,505
Share-based payments	46,426	2,484	8,198	10,786
Net loss	(263,275)	(127,624)	(251,902)	(635,416)
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.03)
<b>Statement of Financial Position</b>				
Cash & cash equivalents	\$ 202,214	\$ 403,479	\$ 66,027	\$ 237,587
Total assets	270,380	585,613	283,643	474,533
Total liabilities	732,280	835,664	537,861	485,048
Shareholders' equity (deficiency)	\$ (461,900)	\$ (250,051)	\$ (254,218)	\$ (10,515)
	Q1 2022	Q4 2021	Q3 2021	Q2 2021
<b>Statement of Loss and Comprehensive Loss</b>				
Exploration and property acquisition expenditures	\$ 196,969	\$ 338,958	\$ 269,774	\$ 434,492
Share-based payments	30,071	254,488	-	-
Net loss	(590,353)	(747,786)	(411,972)	(599,966)
Basic and diluted loss per share	\$ (0.02)	\$ (0.03)	\$ (0.01)	\$ (0.03)
<b>Statement of Financial Position</b>				
Cash & cash equivalents	\$ 727,496	\$ 1,080,484	\$ 226,555	\$ 292,590
Total assets	1,113,046	1,729,525	543,730	784,768
Total liabilities	498,930	615,127	551,825	419,393
Shareholders' equity (deficiency)	\$ 614,116	\$ 1,114,398	\$ (8,095)	\$ 365,375

## Mineral Properties

### SPJ Property

On February 15, 2021, the Company entered into an agreement to acquire a 100% interest in four claims (the "Claims") located on the Jovan property. This acquisition added 36 hectares to the Company's land position. Total consideration for the purchase of the mining claims was \$150,000, of which \$75,000 was paid in cash on the signing of the agreement and \$75,000 was paid in common shares of the Company based on the previous 5-day VWAP. In total 107,143 common shares were issued on April 21, 2021, with a fair value of \$0.70 cents each.

See details of cash and share payments in respect of the property acquisitions above and in Note 9(a) to the Company's financial statements for the three months ended March 31, 2023.

Please see pages 9 to 10, "Exploration Activities and Property Acquisitions and Dispositions", for detailed terms of the purchase consideration for the properties comprising the SPJ Property.

## Liquidity and Capital Management

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Cash flow (used in) / provided by operating, investing and financing activities for the three months ended March 31, 2023 and 2022 was as follows:

	<b>2023</b>	<b>2022</b>
Net cash used in operating activities	\$ (201,165)	\$ (352,989)
Net cash provided by investing activities	-	-
Net cash used in financing activities	-	-
<b>Decrease in cash balance</b>	<b>\$ (201,165)</b>	<b>\$ (352,989)</b>

As of March 31, 2023, the Company had cash and cash equivalents of \$202,214 (December 31, 2022 – \$403,379) and a working capital deficit of \$475,975 (December 31, 2022, working capital deficit - \$266,169), respectively.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2023.

In managing liquidity, the Company's primary objective is to ensure that it can continue as a going concern while raising additional funding to meet its obligations as they fall due. The Company's operations to date have been funded by issuing equity.

The Company's investment policy is to invest excess cash in very low-risk financial instruments such as term deposits or holding funds in high yield savings accounts with major Canadian banks. Financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest rate risk.

The Company's mineral property interests are all in the exploration stage. As such, the Company is dependent on external financing to fund its exploration activities and administrative costs. Management continues to assess the merits of mineral properties on an ongoing basis and may seek to acquire new properties or increase ownership interests if it believes there is sufficient geologic and economic potential.

Management mitigates the risk and uncertainty associated with raising additional capital in adverse economic or stock market conditions through cost control measures that minimize discretionary disbursements and reduces exploration expenditures that are deemed of limited strategic value.

The Company manages its capital structure (consisting of shareholders' equity or deficit) on an ongoing basis and makes adjustments in response to changes in economic or stock market conditions and its underlying assets' risk characteristics. Adjustments to the Company's capital structure may involve the issuance of new shares, debt, acquisition or disposition of assets, or adjustments to the amounts held in cash, cash equivalents and short-term investments. The Company is not subject to any externally imposed capital requirements other than flow-through spending obligations.

## Related Party Transactions

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The Board of Directors and the executive management team have authority and responsibility for planning, directing and controlling the Company's activities. The executive management team comprises the Company's: (i) President and Chief Executive Officer; and (ii) Chief Financial Officer. Compensation for key management personnel of the Company for the three months ended March 31, 2023 was as follows:

	2023	2022
Short-term benefits <sup>(1)</sup>	57,500	78,250
Share-based payments <sup>(2)</sup>	46,426	30,071
	<b>103,926</b>	108,321

<sup>(1)</sup> Comprises management and consulting fees

<sup>(2)</sup> Represents the expense of stock options vested during the period.

At March 31, 2023, included in accounts payable and accrued liabilities is an amount of \$11,300 (December 31, 2022 - \$11,300) due to a company controlled by the Chief Financial Officer and \$14,125 (December 31, 2022 - \$28,250) due to a company controlled by the then Chief Executive Officer.

## Outstanding Share Data

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MacDonald Mines is authorized to issue an unlimited number of common shares.

As of May 30, 2023, the date of this MD&A, the number of common shares outstanding or issuable under other outstanding securities of the Company was as follows:

Common Shares	Number
Outstanding	37,698,586
Issuable upon the exercise of share purchase warrants <sup>(1)</sup>	11,597,890
Issuable upon the exercise of stock options <sup>(2)</sup>	3,752,000
Issuable upon the exercise of compensation options <sup>(3)</sup>	434,273
Fully diluted common shares	53,482,749

(1) 11,597,890 common share purchase warrants were outstanding with exercise prices ranging from \$0.10 to \$0.70 per common share.

(2) There were 3,752,000 stock options under the Company's Stock Option Plan outstanding to directors, officers and consultants with exercise prices ranging from \$0.10 to \$1.00 per common share.

(3) There were 289,515 compensation options issued as finder's fees under a November 2021 private placement with an exercise price of \$0.50. Each compensation option consists of one common share and one half of one share purchase warrant.

## Critical Accounting Estimates

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The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting periods. Judgements, estimates and assumptions are continuously evaluated and are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience. However, actual outcomes may differ from the amounts included in the financial statements.

The Company's significant accounting policies and estimates are disclosed in Note 3 to the Company's financial statements for the three months ended March 31, 2023.

## **New Accounting Standard Adopted by the Company**

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Certain pronouncements have been issued by the IASB that are effective for annual periods beginning on or after January 1, 2022. The Company has assessed the amendments and determined that there is no material impact on the accounting and presentation of the financial statements.

Certain pronouncements have been issued by the IASB that are applicable for accounting periods after December 31, 2022. There are currently no pronouncements that are expected to have a significant impact on the Company's financial statements upon adoption.

## **Off-Balance Sheet Arrangements**

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The Company has no off-balance sheet arrangements, including any arrangements that would affect liquidity, capital resources, market risk support, credit risk support, or other benefits.

## **Dividends**

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The Company has neither declared nor paid any dividends on its common shares. The Company intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its common shares in the foreseeable future.

## **Internal Controls Over Financial Reporting**

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The Company has established procedures and internal control systems to ensure the timely and accurate preparation of financial, management and other reports. The Chief Executive Officer and Chief Financial Officer certify financial reports. Disclosure controls are in place to ensure all reporting meets statutory reporting requirements. The Company's management is responsible for establishing and maintaining adequate internal controls. These controls have been designed to provide reasonable, but not absolute, assurance concerning the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal controls, however well-conceived, will provide only reasonable and not absolute assurance that the objectives of the internal controls over financial reporting will be met. It should not be expected that the internal controls would prevent all errors or fraud.

Due to the small size of the Company's finance department, there are a limited number of personnel handling accounting and financial matters, and as a result, there is a lack of segregation of duties. Management believes that it has designed sufficient compensating internal controls to mitigate these limitations, including dual signatories on all cheques. Additional internal controls include audit committee and senior management review and oversight.

## **Disclosure Controls and Procedures**

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Disclosure controls and procedures are designed to provide reasonable, but not absolute, assurance that all material information is obtained, analyzed and reported to senior management on a timely basis for management to make reasonable public disclosure decisions.

The Company's certifying officers, the Chief Executive Officer and the Chief Financial Officer, have reviewed the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on their review, they have concluded that the Company's disclosure controls and procedures, as defined in National Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Regulators), were effective as of December 31, 2022. They provide reasonable assurance that information required to be disclosed in interim, annual and special filings are submitted under Canadian securities laws and are recorded, processed, summarized and reported in a timely fashion.

## **Other Information**

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Additional information relating to the Company is available on its website at [www.macdonaldmines.com](http://www.macdonaldmines.com) and under its profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Cautionary Statement of Forward-Looking Information**

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Forward-looking information is broadly defined as disclosures regarding possible events, conditions, or financial performance based on assumptions about future economic conditions and courses of action. It includes future-oriented financial information concerning future financial performance, financial position, or cash flows presented either as a forecast or a projection.

This MD&A contains forward-looking information and forward-looking statements, including statements relating to going concern and capital raising and capital requirements, subject to several known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause the Company's or its industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Factors that could cause such differences include changes in commodity prices, changes in equity markets, changes in costs and supply of materials relevant to the exploration and mine development, changes in governments, changes to government mining regulations, and numerous other risk factors.

Readers are cautioned not to place undue reliance on forward-looking statements contained within this document, which speak only to the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, actual events may differ materially from stated expectations. Although the Company believes its expectations are reasonable, results may vary, and the Company cannot guarantee future results, levels of activity, performance or achievements.

Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this MD&A are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.