Southern Arc
MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE NINE MONTHS ENDED
MARCH 31, 2025 AND 2024

(Unaudited - Expressed in Canadian dollars)

This Management's Discussion and Analysis ("MD&A"), prepared as of May 30, 2025, should be read in conjunction with the unaudited condensed interim financial statements of Southern Arc Minerals Inc. ("Southern Arc" or the "Company") for the three and nine months ended March 31, 2025 and related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated. Additional information related to the Company can be found on SEDAR+ at www.sedarplus.ca and on the Company's website at www.southernarcminerals.com.

Statements in this MD&A that are not historical facts are "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. Readers are cautioned not to put undue reliance on forward-looking statements.

COMPANY OVERVIEW

Southern Arc was incorporated in British Columbia, Canada on August 19, 2004. The Company is a Canadian company focused on creating value through project generation and strategic investments in mineral resource companies with a focus on gold and copper-gold. The Company's head office is located at Suite 650 - 669 Howe Street, Vancouver, British Columbia, Canada, V6C 0B4.

The Company is listed on the NEX board of the TSX Venture Exchange under the symbol "SA.H". To date, the Company has not generated revenues from operations and is focused on creating value through project generation and strategic investments in mineral resource companies with a focus on gold and copper-gold.

The Company's ability to continue as a going concern is dependent upon successful execution of its business plan and ultimately generating net income and positive cashflow. For the period ended March 31, 2025, the Company recorded a net loss of $133,073 and had negative cash flows from operations of $72,420. These conditions result in a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company expects to continue to raise the necessary financing in order to meet its business objectives primarily through the issuance of common shares at the appropriate time**.** Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

As at the date of this MD&A, the Company has 22,898,283 common shares issued, of which 22,768,283 are outstanding and 130,000 are treasury shares.

FINANCIAL SNAPSHOT

	March 31, 2025	June 30, 2024	June 30, 2023
Total assets	**$ 61,245**	$ 279,967	$ 465,574
Working capital (deficit)	**(77,560)**	212,242	423,149
Total liabilities	**138,805**	75,072	69,047
Net loss	**(133,073)**	(228,928)	(404,083)
Basic and diluted loss per share	**$ (0.01)**	(0.01)	$ (0.02)
Comprehensive loss	**(282,455)**	$ (191,632)	(707,056)

As at March 31, 2025, the Company's working capital consisted of the Company's current assets including the Company's investments in shares of Rise Gold Corp., net of current liabilities. The change in assets and working capital in 2025 decreased compared to 2024 due to the sale of Japan Gold shares, sale of Rise Gold shares and a decrease in share price of Rise Gold and operating expenses throughout the period.

RECENT EVENTS

On May 31, 2024, the Company sold 9,481 shares of Adriatic Metals Plc for proceeds of $35,941. On October 23, 2024, the Company sold 228,510 shares of Japan Gold Corp. for proceeds of $17,138. On February 10, 2025, the Company sold 65,612 shares of Rise Gold Corp. for proceeds of $5,952. On February 25, 2025, the Company sold 350,000 shares of Rise Gold Corp. for proceeds of $29,050. On March 7, 2025, the Company sold 200,000 shares of Rise Gold Corp. for proceeds of $16,000.

On January 24, 2023, the Company subscribed for 1,000,000 units in the private placement offering of Rise Gold Corp. ("Rise Gold") for a total investment of $534,800 (US$400,000). Each purchased unit is comprised of one common share of Rise Gold and one half of one purchase warrant. Each whole purchase warrant entitles the Company to purchase an additional common share of Rise Gold at US$0.60 per share until January 31, 2025.

SUMMARY OF QUARTERLY RESULTS

	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024
Total assets	$61,245	$131,209	$211,084	$279,967
Working capital	(77,560)	(2,445)	108,968	212,242
Net loss	(46,737)	(47,703)	(38,633)	(60,978)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Comprehensive loss	(76,530)	(107,498)	(98,427)	(801)

	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Total assets	$272,249	$349,370	$465,999	$465,574
Working capital	223,084	292,111	426,598	423,149
Net loss	(43,640)	(88,084)	(36,226)	(146,731)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.02)
Comprehensive loss	(69,229)	(129,897)	8,295	(587,820)

Changes above are as follows:

Total assets and working capital

- From December 31, 2022 to March 31, 2023, total assets increased as the Company invested in a private placement of Rise Gold. The Company recorded a higher accounting fair value (over acquisition cost) in its investment of Rise Gold, which also includes a higher accounting fair value (over acquisition cost) in its investment in Rise Gold warrants as at March 31, 2023. As at June 30, 2023, the value of the investment in the common shares and warrants of Rise Gold decreased due to the decrease in Rise Gold share price. The decrease in the fair value of the Rise Gold shares appears to have been primarily caused by the findings of the Nevada Planning Commission to not recommend a use permit be issued to Rise Gold, which reduced the value of the investment in both Rise Gold common shares and warrants. From March 31, 2023 to June 30, 2023, the fair value of the Rise Gold common shares decreased from $676,377 to $187,888. This resulted in a loss of $488,489 which impacted total assets and working capital. There were no significant changes from June 30, 2023 to September 30, 2023. From September 30, 2023 to December 31, 2023, the fair value of the Rise Gold common shares and warrants decreased from $253,920 to $203,022 which resulted in a loss of $50,898 which impacted total assets and working capital. From December 31, 2023 to March 31, 2024, the fair value of the Rise Gold common shares and warrants decreased from $203,022 to $172,675 which resulted in a loss of $30,347 which impacted total assets and working capital. From March 31, 2024 to June 30, 2024, the fair value of the Rise Gold common shares and warrants increased from $172,675 to $238,712 which resulted in a gain of $66,037 which impacted total assets and working capital. From June 30, 2024 to September 30, 2024, the fair value of the Rise Gold common shares and warrants decreased from $238,712 to $177,733 which resulted in a gain of $60,979 which impacted total assets and working capital. From September 30, 2024 to December 31, 2024, the fair value of the Rise Gold common shares and warrants decreased from $177,733 to $116,795 which resulted in a gain of $60,938 which impacted total assets and working capital. From December 31, 2024 to March 31, 2025, the fair value of the Rise Gold common shares and warrants decreased from $116,795 to $36,000 which resulted in a loss of $80,795 which impacted total assets and working capital.

Net loss and comprehensive loss

- From June 30, 2023 to September 30, 2023, the Company recognized a lower unrealized loss on its investment in Rise Gold warrants due to an increase in the value of the Rise Gold warrants (loss of $80,541 for the three month ended June 30, 2023 compared to a gain of $6,099 for the three months ended September 30, 2023).

- From September 30, 2023 to December 31, 2023, the Company recognized a lower unrealized loss on its investment in Rise Gold warrants due to a decrease in the value of the Rise Gold warrants (gain of $6,099 for the three month ended September 30, 2023 compared to a gain of $874 for the six months ended December 31, 2023).

- From December 31, 2023 to March 31, 2024, the Company recognized a lower unrealized loss on its investment in Rise Gold warrants due to a decrease in the value of the Rise Gold warrants (gain of $874 for the six month ended December 31, 2023 compared to a loss of $641 for the nine months ended March 31, 2024).

- From March 31, 2024 to June 30, 2024, the Company recognized a lower unrealized loss on its investment in Rise Gold warrants due to a decrease in the value of the Rise Gold warrants (loss of $641 for the nine months ended March 31, 2024 compared to a loss of $619 for the twelve months ended June 30, 2024).

- From June 30, 2024 to September 30, 2024, the Company recognized a lower unrealized loss on its investment in Rise Gold warrants due to a decrease in the value of the Rise Gold warrants (loss of $619 for the twelve months ended June 30, 2024 compared to a loss of $42 for the three months ended June 30, 2024).

- From September 30, 2024 to December 31, 2024, the Company recognized a lower unrealized loss on its investment in Rise Gold warrants due to a decrease in the value of the Rise Gold warrants (loss of $619 for the twelve months ended June 30, 2024 compared to a loss of $43 for the six months ended June 30, 2024).

- As at March 31, 2025, the Rise Gold warrants expired unexercised.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2025

During the three-month period ended March 31, 2025, the Company had a net loss of $46,737 compared to a net loss of $43,640 for the three-month period ended March 31, 2024. Significant fluctuations occurred in the following categories:

- The Company incurred $30,000 in consulting fees (March 31, 2024: $30,000) related to the administrative, finance, accounting, and management of the Company.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED MARCH 31, 2025

During the nine-month period ended March 31, 2025, the Company had a net loss of $133,073 compared to a net loss of $167,950 for the nine-month period ended March 31, 2024. Significant fluctuations occurred in the following categories:

- The Company incurred lower office costs and professional fees of $19,870 and $20,387 respectively during period ended March 31, 2025 (March 31, 2024: $22,165 and $64,640) due to the Company scaling back expenditures to manage liquidity.
- The Company incurred $90,000 in consulting fees (March 31, 2024: $90,000) related to the administrative, finance, accounting, and management of the Company.
- The Company recognized comprehensive loss of $282,455 (March 31, 2024: $200,671). This is mainly due to the change in fair value of investments. As at March 31, 2025, the change in fair value of investments was a loss of $149,382 (March 31, 2024: $32,721).

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position at March 31, 2025 was $10,123 compared to $14,412 at June 30, 2024. As at March 31, 2025, the Company's working capital deficiency was $77,560 compared to a working capital of $212,242 at June 30, 2024.

Net cash used in operating activities for the period ended March 31, 2025 was $72,420 compared to cash used in operating activities of $162,981 during the period ended March 31, 2024. This decrease is due to lower expenses incurred in office costs, management and professional fees because management is focusing on maintaining the Company's liquidity.

Net cash from investing activities for the period ended March 31, 2025 was $68,141 in proceeds received from the sale of Japan Gold shares and Rise Gold shares (March 31, 2024 - $Nil).

There were no financing activities during the period ended March 31, 2025 and 2024.

The accompanying financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company does not currently generate any revenues or have operations that generate cash flows. Accordingly, the Company relies on funding received from the sale of investments and financing received from the issuance of common shares or loans and borrowings to finance its strategic investment activities and general and administrative costs. The Company has sufficient capital to finance its general and administrative expenses and other current obligations for the next twelve-month period. The Company will be required to obtaining additional financing in order to fund new business opportunities. While the Company has been successful at securing financing in the past, there can be no assurance that it will be able to do so in the future. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

RELATED PARTY TRANSACTIONS

Key management and personnel compensation

Key management personnel include the directors and officers of the Company.

Key management compensation for the three and nine-month period ended March 31, 2025, consisted of management fees of $30,000 and $90,000 (March 31, 2024 - $30,000 and $90,000) respectively paid to two private companies controlled by the Chief Executive Officer and Chairman of the Company. Management fees include administrative, finance, accounting, investor relations and consulting services. As at March 31, 2025, $89,250 (June 30, 2024: $Nil) of these fees were outstanding and payable to the officer. As at March 31, 2025, the Company had a deposit balance of $4,706 (June 30, 2024 - $4,706) for its occupancy costs.

The above transactions are recorded at the consideration established and agreed to by the related parties.

CURRENT SHARE DATA

As at the date of this MD&A, the Company has 22,898,283 common shares issued, of which 22,768,283 are outstanding and 130,000 are treasury shares.

As at March 31, 2025 and the date of this MD&A, the Company has no share options or share purchase warrants outstanding.

RISKS AND UNCERTAINTIES

The nature of the Company's operations exposes the Company to credit risk, liquidity risk, market risk and geopolitical risk, which may have a material effect on cash flows, operations, comprehensive income and ability to raise funding.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

Credit risk

Credit risk is the risk of financial loss associated with a counterparty's inability to fulfil its payment obligations and arises primarily from the Company's financial assets. The Company is primarily exposed to credit risk on its cash and cash equivalents and accounts receivable. Credit risk exposure is limited through maintaining its cash with high-credit quality financial institutions. The carrying value of these financial assets represents the maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short term business requirements after taking into account the Company's cash and cash equivalents. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on the Company's cash is minimal. The Company is subject to foreign currency fluctuations primarily on its cash denominated in a currency other than the Canadian dollar.

Other risk factors

Ability to raise funding

The Company has no revenues from operations and expects to incur operating losses in future periods due to expenses associated with advancing its mineral projects, seeking new business opportunities and working capital costs. The Company has finite financial resources and its ability to advance new business opportunities will depend significantly upon its ability to secure near and long-term financing. There are no assurances that any financing alternative will be successful or that financing will be available at all or acceptable terms. These financing requirements will result in dilution of existing shareholders and the inability to obtain such financing may result in delay or postponement of the Company's activities.

Geopolitical risk

The Company recognizes the inherent uncertainties associated with geopolitical risks. Events such as trade disputes, changes in government policies, and regional conflicts may adversely impact various sectors of the economy, including but not limited to, financials, energy, metals and mining. These risks may result in disruptions to supply chains and fluctuations in currency exchange rates. As a result, the Company's business, financial condition, and results of operations may be negatively affected by economic and other consequences from geopolitical developments.

Climate change risk

The Company acknowledges the importance of addressing climate change risks. Environmental concerns, regulatory changes, and shifting consumer preferences toward sustainability could impact the Company's operations and business. Physical climate change risks such as extreme weather events and transition risks related to regulatory shifts and market preferences are considerations. The Company is committed to evaluating and managing our environmental footprint, pursuing sustainable practices to minimize environmental impact and staying informed about evolving climate-related regulations.

Global economic conditions

The unprecedented events in global financial markets in the past several years have impacted the global economy where many industries, including the mining industry, are impacted by these market conditions. Market events and conditions, including disruptions in the international credit markets and other financial systems could impede the Company's access to capital or increase the cost of capital which may adversely affect the Company's operations.

CRITICAL ACCOUNTING POLICIES

Reference should be made to the Company's significant accounting policies contained in Note 2 of the Company's audited financial statements as at June 30, 2024 and 2023. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

Significant accounting judgments and estimates

The preparation of these financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future conditions and other factors, including expectations of future events that are believed to be reasonable under the current circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, the valuation of investments in warrants which requires estimates of volatility and discount rates. These assumptions affect the fair value of these investments in warrants and the related unrealized gains (losses) on investments.

Critical accounting judgements

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgements or assessments. The Company's assessment of its ability to continue as a going concern requires judgements about whether sufficient financing will be obtained as required.

LIMITATIONS OF CONTROLS AND PROCEDURES

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, the Company's management cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the fact that judgements in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, through collusion of two or more people, or by unauthorized override of the control. The design of any control system is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. The Company's officers are not required to certify the design and evaluation of the Company's disclosure controls and procedures and internal controls over financial reporting and have not completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective basis disclosure controls and procedures and internal controls over financial reporting for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the British Columbia Securities Act. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "anticipates", "plans", "budget", "scheduled", "continue", "estimates", "forecasts", "expect", "is expected", "project", "propose", "potential", "targeting", "intends", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur" or "be achieved" or the negative connotation thereof. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by readers, as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. In particular, this MD&A contains forward-looking statements, pertaining to the following: treatment under governmental and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company on its projects and work plans to be conducted.

With respect to forward-looking statements listed above and contained in the MD&A, the Company has made assumptions regarding, among other things:

- *unknown impact related to potential business disruptions stemming from infectious disease outbreak, or geopolitical conflicts;*
- *the impact of increasing competition;*
- *unpredictable changes to the market prices for gold, copper and other commodities;*
- *availability of additional financing and farm-in or joint-venture partners;*
- *the Company's ability to sell the securities in its investments for a profit, or at all;*
- *the Company's ability to obtain additional financing on satisfactory terms or at all.*

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A: volatility in the market price for minerals; uncertainties associated with estimating resources; geological, technical, drilling and processing problems; liabilities and risks, including environmental liabilities and risks, inherent in mineral and oil and gas operations; fluctuations in currencies and interest rates; incorrect assessments of the value of acquisitions; unanticipated results of exploration activities; competition for, amongst other things, capital, undeveloped lands and skilled personnel; lack of availability of additional financing and farm-in or joint venture partners and unpredictable weather conditions. Although the Company has attempted to identify important factors that could cause results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Readers are cautioned that the foregoing lists of factors are not exhaustive. Forward looking statements are made as of the date hereof and accordingly are subject to change after such date. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.