

**VALKEA RESOURCES CORP.  
(formerly Outback Goldfields Corp.)**

**Management's Discussion & Analysis**

**For the three and six months ended December 31, 2024 and 2023**

(Expressed in Canadian dollars)

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
**Management's Discussion & Analysis**  
**For the three and six months ended December 31, 2024, and 2023**  
(Expressed in Canadian dollars, except where noted)

---

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Valkea Resources Corp. (formerly Outback Goldfields Corp.) (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and six months ended December 31, 2024 and 2023. This MD&A has been prepared in compliance with the requirements of National Instrument ("NI") 51-102 *Continuous Disclosure Obligations*. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three and six months ended December 31, 2024 and 2023 (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") issued by the International Accounting Standards Board and which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook - Accounting including IAS 34 *Interim Financial Reporting*. In addition, the MD&A should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2024 and 2023 (the "Annual Financial Statements"), as some disclosures in the Financial Statements have been condensed or omitted.

The results for the periods presented are not necessarily indicative of the results that may be expected for any future period. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The six months ended December 31, 2024 and 2023 are referred to as "YTD 2025" and "YTD 2024" respectively.

All monetary amounts in the MD&A are expressed in Canadian dollars ("\$" or "CAD"), the presentation currency of the Company, except number of shares, or as otherwise indicated. The functional currency of the Company and its subsidiary is disclosed in the notes to the Financial Statements. References to "AUD" are to Australian dollars, references to "EUR" are to Euros. This MD&A has been prepared effective as of February 28, 2025 (the "MD&A Date").

The Company's certifying officers are responsible for ensuring that the Financial Statements and MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated, or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's certifying officers certify that the Financial Statements together with the other financial information included in the filings fairly present, in all material respects, the financial condition, financial performance and cash flows of the Company as of the date of, and for the periods presented.

Additional information regarding the Company is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and the Company's website at [www.valkea.ca](http://www.valkea.ca).

**BUSINESS OVERVIEW**

---

The Company was incorporated pursuant to the provisions of the Business Corporations Act of Ontario on March 6, 2018 (under the name Skarb Exploration Corp.). In December 2020, the Company changed its name to Outback Goldfields Corp. On September 17, 2024, the Company changed its name to Valkea Resources Corp. The Company's head office is located at Suite 600 - 1111 Hastings Street, Vancouver, British Columbia, V6E 2J3. The Company's principal business activities include the acquisition and exploration of mineral property assets.

On February 13, 2019, the Company's common shares commenced trading on the Canadian Securities Exchange ("CSE") under the symbol "SKRB". In December 2020, the Company's trading symbol on the CSE was changed to "OZ". In the year ended June 30, 2021, the Company began trading on the Frankfurt Exchange under the trading symbol "S600". In January 2022, the Company began trading on the TSX Venture Exchange (the "TSXV") under the trading symbol "OZ". On November 14, 2024, the Company began trading on the OTCQB Venture Market under the ticker symbol "OZBKF".

The Company currently owns a package of gold projects located proximate and adjacent to the Fosterville Gold Mine in Victoria, Australia ("Victorian Gold Projects") and a gold project portfolio in Finland acquired from the transaction with S2 Resources Limited ("S2").

**OVERVIEW AND HIGHLIGHTS OF THE CURRENT PERIOD**

---

**Share consolidation**

On September 17, 2024, the Company completed a consolidation of its common shares on a ten-to-one basis. All share and per share amounts in this MD&A have been retrospectively adjusted to reflect the consolidation. Any references to common shares are on a post-consolidation basis. Numbers of warrants and stock options and their respective exercise prices have been retrospectively adjusted to reflect the effects of the consolidation.

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
**Management's Discussion & Analysis**  
**For the three and six months ended December 31, 2024, and 2023**  
(Expressed in Canadian dollars, except where noted)

**Acquisition of Sakumpu Exploration Oy ("Sakumpu")**

On September 18, 2024, the Company completed the transaction whereby the Company acquired all of the issued and outstanding shares of Sakumpu (the "Transaction") from Norse Exploration Pty Ltd. (the "S2 Subsidiary"), an indirect wholly owned subsidiary of S2 pursuant to a share purchase agreement between the Company, the S2 Subsidiary, and S2 dated May 9, 2024 (the "Share Purchase Agreement"). Pursuant to the Share Purchase Agreement, the Company paid S2 \$1,500,000 in cash and issued 13,750,000 common shares of the Company at a fair value of \$0.40 per share to S2. As a result of the common shares issued to S2 and its common share ownership resulting from participation in private placements, S2 became the largest single shareholder of Valkea with an approximate 44.6% ownership at the time of the Transaction. Due to the significant shareholding in Valkea by S2, the TSXV viewed the Transaction as a reverse takeover of Valkea by S2.

The Company incurred transaction costs of \$1,128,268 comprised of legal fees and due diligence costs in connection with the Transaction, of which \$115,364 was incurred during the year ended June 30, 2024 and recorded in deferred transaction costs. Total transaction costs have been included as part of the total consideration in the Transaction.

Sakumpu did not qualify as a business under IFRS 3 *Business Combinations*, as it did not possess the significant inputs, processes, and outputs that together constitute a business at the time of acquisition. Therefore, the Transaction was accounted for as an asset acquisition. Accordingly, no goodwill was recorded and consideration measured at fair value was allocated to the assets and liabilities acquired.

A summary of the Company's consideration and the net assets acquired from Sakumpu as at the September 18, 2024 acquisition date is as follows:

	\$
<b>Consideration:</b>	
Cash payments	1,500,000
Fair value of common shares issued to S2	5,500,000
Transaction costs	1,128,268
	<b>8,128,268</b>
<b>Assets and liabilities acquired:</b>	
Cash	17,936
Amounts receivable	73,603
Exploration and evaluation assets	8,041,728
Equipment	1,316
Accounts payable and accrued liabilities	(6,315)
	<b>8,128,268</b>

The amount of \$8,041,728 allocated to the exploration and evaluation assets was allocated to the Finnish properties.

**Subscription receipts**

On June 21, 2024, the Company closed a private placement of subscription receipts for gross proceeds of \$2,414,000 by issuing 6,035,000 subscription receipts at a price of \$0.40 per subscription receipt. On September 18, 2024, the subscription receipts were converted into 6,035,000 units.

On September 16, 2024, the Company closed a private placement of subscription receipts for gross proceeds of \$2,589,979 by issuing 6,474,947 subscription receipts at a price of \$0.40 per subscription receipt. On September 18, 2024, the subscription receipts were converted into 6,474,947 units.

**Private placements**

On September 5, 2024, the Company closed a private placement for gross proceeds of \$60,000 by issuing 150,000 units at a price of \$0.40 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each common share purchase warrant is exercisable into one additional common share at a price of \$0.60 per common share until September 5, 2027. In connection with this private placement, the Company paid cash finders' fees of \$3,700 and issued 9,000 finders' warrants with an aggregate fair value of \$2,566. Each finders' warrant entitles the holder to purchase one common share at an exercise price of \$0.40 until September 5, 2027.

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
**Management's Discussion & Analysis**  
**For the three and six months ended December 31, 2024, and 2023**  
(Expressed in Canadian dollars, except where noted)

---

On September 18, 2024, upon closing of the Transaction, 12,509,947 subscription receipts of the Company issued in the private placements that closed on June 21, 2024 and September 16, 2024 were converted into 12,509,947 units of the Company. Each unit consists of one common share of the Company and one common share purchase warrant. Each common share purchase warrant is exercisable into one common share at a price of \$0.60 per common share until September 18, 2027.

In connection with the issuance of subscription receipts that subsequently converted to units, the Company incurred unit issuance costs of \$333,991, of which \$53,384 was incurred during the year ended June 30, 2024 and recorded in deferred transaction costs. Unit issuance costs were comprised of cash finders' fees of \$121,113, cash issuance costs of \$143,163 and the issuance of 268,800 finders' warrants with an aggregate fair value of \$69,715. Each finders' warrant entitles the holder to purchase one common share at an exercise price of \$0.60 per share until September 18, 2027.

#### **Share-based compensation**

On September 17, 2024, the Company granted 3,150,000 stock options to directors, officers, and consultants. These stock options have an exercise price of \$0.40, expire on September 16, 2029, and vest over a two-year period in three equal tranches with the first 1/3 on the grant date, and 1/3 every twelve months thereafter.

On September 17, 2024, the Company granted 1,931,250 deferred share units ("DSU") to certain directors and officers of the Company. These DSUs will vest on September 17, 2025.

#### **OUTLOOK**

---

The Company will be focused on work to initiate exploration of its Finnish gold portfolio, including diamond drilling of the most advanced and prospective targets. The Company has initiated transition activities to operate and administer its wholly owned Finnish subsidiary.

On February 28, 2024, the Company entered into a letter of intent with S2 whereby the Company would grant S2 (a) an option to earn a 80% interest in the Company's Yuengroon, Ballarat West and Silver Spoon tenements, located in the Victorian Goldfields, Australia by incurring minimum exploration expenditures of AUD\$1,000,000 within a period of 48 months; and (b) an option to earn a 51% interest in the Glenfine Project by incurring minimum exploration expenditures of AUD\$200,000 within a period of 48 months. The Victorian Gold Projects are expected to have exploration synergies with S2's gold projects located in the Victorian Goldfields, near the Fosterville gold mine.

On December 3, 2024, the Company entered into a definitive agreement with S2, pursuant to which the Company has agreed to grant S2 the right (the "Option") to acquire up to an 80% interest in the Company's Yuengroon, Ballarat West and Silver Spoon tenements.

Further details of the proposed transaction were published in the Information Circular dated July 31, 2024, as found on SEDAR+ and distributed to all shareholders.

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
**Management's Discussion & Analysis**  
**For the three and six months ended December 31, 2024, and 2023**  
(Expressed in Canadian dollars, except where noted)

**OVERALL PERFORMANCE AND RESULTS OF OPERATIONS**

The following discussion addresses the operating results and financial condition of the Company for the three and six months ended December 31, 2024 and 2023. The MD&A should be read in conjunction with the Company's Financial Statements.

A summary of the Company's results of operations is as follows:

	Q2 2025	Q2 2024	YTD 2025	YTD 2024
	\$	\$	\$	\$
<b>Operating expenses</b>				
Accounting and legal	54,689	31,877	101,409	37,329
Corporate development and marketing	158,325	13,483	268,452	25,141
Exploration expenses	-	8,076	662	97,788
Management and professional fees	96,857	56,876	199,056	175,401
Office and administrative	62,565	47,399	87,056	107,305
Share-based compensation	434,793	3,300	744,598	3,300
Transfer agent, listing and filing fees	72,519	11,399	87,050	16,468
	<b>(879,748)</b>	<b>(172,410)</b>	<b>(1,488,283)</b>	<b>(462,732)</b>
<b>Other income (loss)</b>				
Foreign exchange loss	-	(37,642)	-	(5,403)
Interest income	16,383	9,555	34,989	23,734
<b>Net loss for the period</b>	<b>(863,365)</b>	<b>(200,497)</b>	<b>(1,453,294)</b>	<b>(444,401)</b>
Translation of foreign operations to presentation currency	<b>(87,825)</b>	-	<b>11,903</b>	-
<b>Comprehensive loss for the period</b>	<b>(951,190)</b>	<b>(200,497)</b>	<b>(1,441,391)</b>	<b>(444,401)</b>

**Q2 2025 compared to Q2 2024**

The Company's net loss increased to \$863,365 compared to \$200,497 in the prior year comparable period. The primary drivers of the increase in net loss were as follows:

- Accounting and legal fees increased to \$54,689 from \$31,877 in the prior year comparable period primarily due to increased legal costs associated with corporate matters and increased activity following the acquisition of Sakumpu.
- Corporate development and marketing costs increased to \$158,325 from \$13,483 in the prior year comparable period primarily due to increased investor relations activities associated with the private placements in the current period.
- Management and professional fees increased to \$96,857 from \$56,876 in the prior year comparable period primarily due to increased services provided by management following the acquisition of Sakumpu.
- Office and administrative costs increased to \$62,565 from \$47,399 in the prior year comparable period primarily due to higher travel expenses in the current period.
- Share-based compensation increased to \$434,793 from \$3,300 in the prior year comparable period attributable to the vesting of stock options and DSUs that were granted to certain directors and officers in the current period.
- Transfer agent, listing and filing fees increased to \$72,519 from \$11,399 in the prior year comparable period primarily due to additional filing costs to commence trading on the OTCQB Venture Market in November 2024.

Partially offsetting the increase in net loss was a decrease in exploration expenses to \$nil from \$8,076 in the prior year comparable period. The amount classified as exploration expenses in the prior year comparable period resulted from exploration activities conducted on impaired properties. The decrease in the current year period is due to most efforts of the Company being focused on the completion of the Transaction with S2 and its minimization of activity on the impaired properties. The Company's Victorian Gold Projects were kept in good standing, but minimal additional work was completed in the current period.

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
**Management's Discussion & Analysis**  
**For the three and six months ended December 31, 2024, and 2023**  
(Expressed in Canadian dollars, except where noted)

**YTD 2025 compared to YTD 2024**

The Company's net loss increased to \$1,453,294 compared to \$444,401 in the prior year comparable period. The primary drivers of the increase in net loss were as follows:

- Accounting and legal fees increased to \$101,409 from \$37,329 in the prior year comparable period primarily due to increased legal costs associated with corporate matters and increased activity following the acquisition of Sakumpu.
- Corporate development and marketing costs increased to \$268,452 from \$25,141 in the prior year comparable period primarily due to increased investor relations activities associated with the private placements in the current period.
- Management and professional fees increased to \$199,056 from \$175,401 in the prior year comparable period primarily due to increased services provided by management following the acquisition of Sakumpu.
- Share-based compensation increased to \$744,598 from \$3,300 in the prior year comparable period attributable to the vesting of stock options and DSUs that were granted to certain directors and officers in the current period.
- Transfer agent, listing and filing fees increased to \$87,050 from \$16,468 in the prior year comparable period primarily due to additional filing activities to support the Transaction in the current period and commence trading on the OTCQB Venture Market.

Partially offsetting the increase in net loss were decreases to expenses as follows:

- Exploration expenses decreased to \$662 from \$97,788 in the prior year comparable period. The amount classified as exploration expenses in the prior year comparable period resulted from exploration activities conducted on impaired properties. The decrease in the current year period is due to most efforts of the Company being focused on the completion of the Transaction with S2 and its minimization of activity on the impaired properties. The Company's Victorian Gold Projects were kept in good standing, but minimal additional work was completed in the current period.
- Office and administrative costs decreased to \$87,056 from \$107,305 in the prior year comparable period primarily due to lower office rent costs in the current period.

**SUMMARY QUARTERLY PERFORMANCE**

The following information is derived from the Company's consolidated financial statements prepared in accordance with IFRS Accounting Standards. The information below should be read in conjunction with the Company's consolidated financial statements for the same periods. Consistent with the preparation and presentation of the Annual Financial Statements, the unaudited quarterly results are presented in Canadian dollars.

A summary of the Company's financial results over the last eight most recently completed quarters is as follows:

	Q2 2025	Q1 2025	Q4 2024	Q3 2024
	\$	\$	\$	\$
Net loss and comprehensive loss	(951,190)	(490,201)	(156,866)	(204,544)
Basic and diluted loss per share	(0.03)	(0.06)	(0.03)	(0.04)

  

	Q2 2024	Q1 2024	Q4 2023	Q3 2023
	\$	\$	\$	\$
Net loss and comprehensive loss	(200,497)	(243,904)	(11,254,199)	(323,580)
Basic and diluted loss per share	(0.03)	(0.04)	(1.93)	(0.06)

All the Company's exploration and evaluation assets are in the exploration stage. The Company does not derive any revenue from its operations. Its primary focus is the acquisition, exploration and evaluation of mineral properties. As a result, the loss per period has fluctuated depending on the Company's activity level and cash availability. Therefore, quarterly periods are not comparable. The significant increase in net loss in Q4 2023 resulted from impairment of two of the Company's properties, the Ballarat West property and the Glenfine property.

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
**Management's Discussion & Analysis**  
**For the three and six months ended December 31, 2024, and 2023**  
(Expressed in Canadian dollars, except where noted)

**EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES**

A summary of the Company's exploration and evaluation assets is as follows:

	<b>Yeungroon property</b>	<b>Silver Spoon property</b>	<b>Finnish properties</b>	<b>Total</b>
	\$	\$	\$	\$
Balance, June 30, 2023	10,508,759	3,125,053	-	13,633,812
Chemical analysis	17,843	-	-	17,843
Geological services	59,031	28,994	-	88,025
Geophysical surveys	11,310	-	-	11,310
Materials and supplies	7,029	-	-	7,029
Project management	77,617	40,409	-	118,026
Recording and filing	15,294	4,315	-	19,609
Travel	3,961	410	-	4,371
Balance, June 30, 2024	10,700,844	3,199,181	-	13,900,025
Acquisition costs	-	-	8,041,728	8,041,728
Depreciation	1,676	479	-	2,155
Geological services	14,139	2,511	297,705	314,355
Project management	9,349	8,266	-	17,615
Travel	-	-	62,361	62,361
Currency translation	16,260	625	1,867	18,752
<b>Balance, December 31, 2024</b>	<b>10,742,268</b>	<b>3,211,062</b>	<b>8,403,661</b>	<b>22,356,991</b>

The Company does not capitalize expenditures on properties that were previously impaired. Expenditures on previously impaired properties are expensed. During the three months ended December 31, 2024, the Company did not incur any exploration expenses on previously impaired Ballarat West and Glenfine properties.

A summary of the Company's exploration expenses for the three months ended December 31, 2023 on impaired properties is as follows:

	<b>Ballarat West property</b>	<b>Glenfine property</b>	<b>Total</b>
	\$	\$	\$
Geological services	1,557	91	1,648
Project management	8	5	13
Recording and filing	20	6,395	6,415
	<b>1,585</b>	<b>6,491</b>	<b>8,076</b>

A summary of the Company's exploration expenses for the six months ended December 31, 2024, on impaired properties is as follows:

	<b>Ballarat West property</b>	<b>Glenfine property</b>	<b>Total</b>
	\$	\$	\$
Geological services	201	201	402
Project management	51	209	260
	<b>252</b>	<b>410</b>	<b>662</b>

A summary of the Company's exploration expenses for the six months ended December 31, 2023 on impaired properties is as follows:

	<b>Ballarat West property</b>	<b>Glenfine property</b>	<b>Total</b>
	\$	\$	\$
Geological services	17,183	67,318	84,501
Project management	1,778	1,019	2,797
Recording and filing	4,095	6,395	10,490
	<b>23,056</b>	<b>74,732</b>	<b>97,788</b>

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
**Management's Discussion & Analysis**  
**For the three and six months ended December 31, 2024, and 2023**  
(Expressed in Canadian dollars, except where noted)

---

### **Finnish Properties**

On September 18, 2024, the Company completed the Transaction with S2 whereby the Company acquired all the issued and outstanding shares of Sakumpu. The acquisition of Sakumpu includes several exploration licenses (collectively, the "Finnish Properties"), with the initial primary focus being on the Paana licenses, which include the Aarnivalkea prospect. These licenses are wholly owned by Sakumpu with the exception of two licenses which are subject to an earn-in agreement with Rupert Resources. The Company will be focused on work to initiate exploration of its Finnish gold portfolio, including diamond drilling of the most advanced and prospective targets.

In November 2024, the Company announced that it will begin exploration at its 100% owned, Paana project in Central Lapland, Finland. The Phase 1 exploration program will target high-grade gold mineralization at the Aarnivalkea West discovery. The Phase 1 exploration program is set to commence a ~2,000-metre drill program designed to target high-grade gold mineralization at the Aarnivalkea West discovery and began in November 2024 with systematic core re-logging efforts already underway to help build a new structural model.

### **Victorian Gold Projects**

On December 15, 2020, the Company closed the acquisition of the Victorian Gold Projects pursuant to the terms of an asset purchase agreement. The Company acquired from Petratherm Ltd. ("Petratherm") one exploration license, three exploration license applications and the right, title and interest in a mining and joint venture agreement by issuing 33,333,333 common shares of the Company that were all distributed to Petratherm shareholders on a pro rata, in-specie basis in April, 2021.

The Victorian Gold Projects include the Yeungroon property, Silver Spoon property, Ballarat West property, and Glenfine property.

On December 3, 2024, the Company entered into a definitive agreement with S2, pursuant to which the Company has agreed to grant S2 the right (the "Option") to acquire up to an 80% interest in the Company's Yuengroon, Ballarat West and Silver Spoon tenements by sole-funding total expenditures of AUD \$1.2 million within four years. Upon exercise of the Option, S2 will hold an 80% interest in the Projects, and the Company will retain a 20% interest. If a party's joint venture interest is diluted below 10%, it will automatically convert to a 2% net smelter return royalty.

## **LIQUIDITY**

---

### **Working capital**

As at December 31, 2024, the Company had working capital of \$1,381,786 (June 30, 2024 - \$2,483,178), including cash and cash equivalents of \$1,433,294 (June 30, 2024 - \$83,684). The Company has sufficient resources to pay its current liabilities as well as funds necessary to achieve its stated business objectives to carry out its limited exploration programs and to cover anticipated administrative costs for the next 12-month period. However, it will need to raise additional funds in the future to continue its exploration operations.

### **Cash flows**

A summary of the Company's cash flows is as follows:

	<b>YTD 2025</b>	<b>YTD 2024</b>
	<b>\$</b>	<b>\$</b>
Cash used in operating activities	<b>(891,249)</b>	(498,326)
Cash used in investing activities	<b>(2,602,456)</b>	(196,909)
Cash provided by financing activities	<b>4,849,387</b>	-
Change in cash and cash equivalents	<b>1,355,682</b>	(695,235)

Cash used in operating activities was \$891,249 compared to \$498,326 of cash used in the prior year comparable period. The increase in cash used is mainly due to higher cash spent on legal fees for corporate matters, and increased marketing and investor services fees associated with the private placements in the current period.

Cash used in investing activities increased to \$2,602,456 from \$196,909 of cash used in the prior year comparable period. The increase was primarily due to cash consideration of \$1,500,000 paid to S2 and \$1,012,904 of transaction costs paid in connection with the Transaction in the current period.

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
**Management's Discussion & Analysis**  
**For the three and six months ended December 31, 2024, and 2023**  
(Expressed in Canadian dollars, except where noted)

Cash provided by financing activities was \$4,849,387 compared to \$nil of cash provided during the prior year comparable period. The increase in cash provided is due to \$2,649,979 proceeds received from private placements offset by \$214,592 cash paid for unit issuance costs, and \$2,414,000 proceed receive from restricted cash release.

**Sources and uses of funds**

On June 21, 2024, the Company closed a private placement for gross proceeds of \$2,414,000 by issuing 6,035,000 subscription receipts at a price of \$0.40 per subscription receipt which converted to units on September 18, 2024.

On September 5, 2024, the Company closed a private placement for gross proceeds of \$60,000 by issuing 150,000 units at a price of \$0.40 per unit.

On September 16, 2024, the Company closed a private placement for gross proceeds of \$2,589,979 by issuing 6,474,947 subscription receipts at a price of \$0.40 per subscription receipt which converted to units on September 18, 2024.

A summary of the Company's gross proceeds and allocation of proceeds is as follows:

	Private placement on September 5, 2024	Subscription receipts converted to units on September 18, 2024
	\$	\$
Total gross proceeds	60,000	5,003,979
<b>Allocation of proceeds:</b>		
Cash payment to S2	-	(1,500,000)
Exploration of the Finnish Properties and landholder payments	-	(1,500,000)
Transaction costs <sup>(1)</sup>	-	(1,128,268)
Unit issuance costs <sup>(2)</sup>	(3,700)	(264,276)
Working capital and general corporate expenses	(56,300)	(611,435)
	-	-

(1) Of total Transaction costs, \$115,364 was paid during the year ended June 30, 2024 and was recorded as deferred transaction costs.

(2) Of total unit issuance costs, \$53,384 was paid during the year ended June 30, 2024 and was recorded as deferred transaction costs.

**CAPITAL RESOURCES**

The Company continues to evaluate raising capital through the issuance of common shares and is dependent upon its ability to secure equity and/or debt financing, the availability of which cannot be assured. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. Management currently believes that the Company has the cash required to fund operations for the next 12 months, but additional capital raises may be required or warranted, although the success of such capital raises carries inherent risk.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements and does not contemplate having them in the foreseeable future.

**RELATED PARTY TRANSACTIONS**

Key management personnel include those having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
**Management's Discussion & Analysis**  
**For the three and six months ended December 31, 2024, and 2023**  
(Expressed in Canadian dollars, except where noted)

A summary of the Company's related party transactions is as follows:

	Q2 2025	Q2 2024	YTD 2025	YTD 2024
	\$	\$	\$	\$
Corporate development, marketing, and investor services	-	-	<b>34,903</b>	-
Management and professional fees	<b>94,370</b>	51,800	<b>196,569</b>	162,399
Office and administrative	-	-	<b>12,500</b>	36,000
Share-based compensation	<b>362,003</b>	2,808	<b>584,214</b>	2,808
	<b>456,373</b>	54,608	<b>828,186</b>	201,207

The Company sub-leased its office space and received shared services from an entity controlled by its Chairman of the Board of Directors. This contract ended on September 30, 2024. During the six months ended December 31, 2024, sub-lease costs, office expenses, human resource support, and related fees of \$12,500 were paid to this entity (2023 - \$36,000). All transactions with this entity are at fair market value for services received by the Company. As of October 1, 2024, these services are no longer provided by a related party.

As at December 31, 2024, there was \$36,327 (June 30, 2024 - \$32,541) due to related parties and was included in accounts payable and accrued liabilities. The amounts due are unsecured, due on demand and are non-interest bearing.

## **PROPOSED TRANSACTIONS**

As noted in the 'Outlook' section above, a letter of intent was signed to grant S2 an option to earn an interest in the Company's Victorian Gold Projects, located in the Victorian Goldfields, Australia. The Victorian Gold Projects are expected to have exploration synergies with S2's gold projects located in the Victorian Goldfields, near the Fosterville gold mine.

Details of the proposed transaction were published in the Information Circular dated July 31, 2024, as found on SEDAR+ and distributed to all shareholders.

## **CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING JUDGMENTS**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Uncertainty about these judgments, estimates and assumptions could result in a material adjustment to the carrying amount of the asset or liability affected in future periods.

A detailed summary of all of the Company's accounting estimates and assumptions is included in the Annual Financial Statements filed on SEDAR+.

Information about significant areas of estimation uncertainty considered by management in preparing the financial statements include the following:

### **Impairment of exploration and evaluation assets**

Management applies judgement in assessing, each reporting period, whether there are any indicators of impairment related to exploration and evaluation assets. If an indicator exists, the recoverability of the exploration and evaluation asset is assessed using estimates, judgements and assumptions. To estimate recoverability, management considers current and forecasted commodity prices, the economic viability of the project, and its geological prospectivity, amongst other factors.

### **Share-based compensation**

The Company measures the fair value of its share-based compensation using a valuation model which requires management to use judgements and estimates in determining the inputs of such model. These inputs include volatility, spot price of the underlying shares, and expected life of the share option.

### **Valuation and allocation of consideration paid to acquired mineral properties**

Management applies judgement in determining the valuation of consideration paid for properties when acquired. Relevant factors and indicators are evaluated including current share price at time of acquisition, volume of shares traded at time of acquisition, and recent material financings. Furthermore, management applies judgement in determining the allocation of consideration paid amongst properties when acquired. Relevant factors and indicators are evaluated including status of the ability to explore, the geological prospectivity of the property, and land area open to exploration.

### **Tax loss utilization**

Management applies judgement in assessing, each reporting period, whether incurred losses have the potential to be utilized against future profits.

### **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

---

The International Accounting Standards Board continually issues new and amended standards and interpretations which may need to be adopted by the Company. The Company continually assesses the impact that the new and amended standards and interpretations may have on its financial statements or whether to early adopt any of the new requirements.

In the preparation of the Financial Statements, the Company used the same accounting policies as in the Annual Financial Statements, except for the following pronouncements which became effective for periods beginning on or after January 1, 2024 and have thus been applied effective for July 1, 2024:

#### Disclosure of accounting policies - amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 *Presentation of financial statements* and IFRS Practice Statement 2 *Making materiality judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments had no impact on the Company's disclosures of accounting policies as well as on the measurement, recognition or presentation of any items in the Company's financial statements.

#### Classification of liabilities as current or non-current - amendments to IAS 1

Additionally, the Company assessed the impacts of the amendments to IAS 1 *Presentation of Financial Statements*, effective for periods beginning on or after January 1, 2024, which clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments had no impact on the Company's financial statements.

#### Definition of accounting estimates - amendments to IAS 8

The amendments to IAS 8 *Accounting policies, changes in accounting estimates and errors* clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's financial statements.

### **FINANCIAL INSTRUMENTS**

---

As at December 31, 2024, financial instruments comprised of cash and cash equivalents, amounts receivable, reclamation bond, accounts payable and accrued liabilities that are classified as and measured at amortized cost. The carrying value of cash and cash equivalents, amounts receivable, reclamation bond, accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of these financial instruments.

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
**Management's Discussion & Analysis**  
**For the three and six months ended December 31, 2024, and 2023**  
(Expressed in Canadian dollars, except where noted)

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

**Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to fulfil its contractual obligations. The Company's credit risk relates primarily to cash and cash equivalents. The Company minimizes its credit risk related to cash and cash equivalents by placing cash and cash equivalents with major financial institutions. The Company considers the credit risk to be minimal.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's primary exposure to liquidity risk is through accounts payable and accrued liabilities as well as subscription liability. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. As of December 31, 2024, the Company had cash and cash equivalents of \$1,433,294 (June 30, 2024 - \$83,684) and working capital of \$1,381,786 (June 30, 2024 - \$2,483,178). As at December 31, 2024, liquidity risk is assessed as low, however, the Company will need to raise additional funds in the future to continue its exploration operations.

**Foreign exchange risk**

Foreign exchange risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company is exposed to foreign exchange risk from fluctuations in the Canadian dollar to the Australian dollar and the Euro. A 1% change in the Canadian dollar exchange rate relative to the Australian dollar would change the Company's loss by approximately \$279; and a 1% change in the Canadian dollar exchange rate relative to the Euro would change the Company's loss by approximately \$323.

A summary of the Company's financial assets and liabilities as at December 31, 2024 that are denominated in the Australian dollar and the Euro is as follows:

	AUD	EUR
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	6,377	144,832
Amounts receivable	1,658	125,122
Reclamation bond	20,667	-
	<u>28,702</u>	<u>269,954</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	780	302,214
	<u>780</u>	<u>302,214</u>
<b>Net financial assets (liabilities)</b>	<b>27,922</b>	<b>(32,260)</b>

**OUTSTANDING SECURITY DATA**

A summary of the Company's issued and outstanding securities is as follows:

	December 31, 2024	MD&A Date
	#	#
Common shares issued and outstanding	41,482,925	41,482,925
Warrants	12,937,747	12,937,747
Options	3,208,500	3,208,500
DSUs	1,931,250	1,931,250

## **RISKS AND UNCERTAINTIES**

---

For a detailed listing of the risk factors faced by the Company, refer to the Company's MD&A for the years ended June 30, 2024 and 2023.

## **FORWARD-LOOKING STATEMENTS**

---

This MD&A includes forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with the Company's business and the environment in which the business operates. Any statements contained herein that are not statements of historical fact may be deemed to be forward looking statements, including those identified by the expressions "considers", "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "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 of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may," "future", "expected", "will", "intends", and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties, and other factors, which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Refer to the risks and uncertainties section for material risk factors that may cause actual results to differ materially from forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to risks associated with: geological risks; limited operating history; inability to generate earnings or pay dividends for the foreseeable future; no current assets other than cash and prepaid expenses; uncertain ability to raise additional funds when required; reliance on a small number of key managers lacking backup; potential conflicts of interest among directors and officers of the Company; lack of liquidity for shareholders of the Company; ability to secure needed permits; ability to physically access and work the Company's property assets due to poor weather; a potential lack of key contract personnel and services providers needed to execute elements of the Company's exploration plans; and market risk consisting of fluctuations in the Company's share price, metal prices, credit market conditions; and investor appetite for early stage exploration companies.