Level 14 Ventures Ltd

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2023 AND 2022

1) Introduction

This Management Discussion and Analysis ("MD&A") of Level 14 Ventures Ltd ("Level 14" or the "Company") has been prepared by management as of May 18, 2023 and should be read in conjunction with the Company's unaudited condensed consolidated unaudited financial statements for the three months ended March 31, 2023 and related notes thereto (the "Financial Statements"). Unless otherwise specified, all financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar amounts herein are expressed in Canadian dollars (the presentation and functional currency of the Company's financial statements) unless otherwise stated.

This MD&A contains forward-looking statements and should be read in conjunction with the risk factors described under "Other risks and uncertainties" and "Forward Looking Statements" towards the end of this MD&A.

2) Corporate profile and overall performance

Level 14 Ventures Ltd. (the "Company" or "Level 14") was incorporated under the British Columbia Business Corporations Act on November 7, 2018. Level 14 has three wholly-owned subsidiaries, 1246931 B.C. Ltd ("1246931"), Bridle Capital Ltd ("Bridle"), and Kobe Resources Ltd ("Kobe") which are consolidated with the Company in the Financial Statements. The Company is publicly traded and listed on the Canadian Securities Exchange (the "Exchange") under the symbol "LVL". The Company is an exploration stage mining company with one exploration property held through 1246931; the Green Mountain Property, located in British Columbia, Canada. In addition to the Green Mountain Property, the Company has an option agreement, through its subsidiary Bridle, to acquire Colpayoc SAC ("Colpayoc") which owns the Jose IV, Jose V, and El Ferrol properties in Cajamarca, Peru.

The head office, principal address and registered office of the Company are located at Suite 1400, 400 Burrard Street, Vancouver, British Columbia, V6C 3A6.

On April 27, 2022, the Company completed the acquisition of all outstanding shares of Bridle Capital Ltd., a private company controlled by a related party in consideration for 36,000,000 shares of the Company, USD$624,431 and a 1% NSR on the property (the "Acquisition"). Bridle holds an option to acquire a 100% interest in the Colpayoc gold prospect ("Colpayoc Property") in northern Peru, which is comprised of 3 concessions totaling approximately 1,580 hectares.

As described in further detail in the Company's Information Circular dated December 20, 2021, further to the Acquisition, Level 14 has now assumed Bridle's right to earn up to a 100% interest in the Colpayoc Property (see "5. Liquidity and Capital Resources"), which is exercisable by: (i) paying an aggregate of US$3,000,000 (US$500,000 paid as at March 31, 2023) and incurring US$5,000,000 (US$953,961 spent as at March 31, 2023) in exploration expenditures over approximately 4 years for the Jose concessions; and (ii) paying an aggregate of US$250,000 (US$100,000 paid) over approximately 4 years for the El Ferrol concession. Upon exercising the options, the concession owners shall also be granted a 2% NSR royalty on the Jose concession and a 1% NSR royalty on the El Ferrol concession.

Since acquiring the project, the Company's focus has been on compiling and analyzing data from previous work completed on the project. The Company has also been working with the local community and is in the process of obtaining permits to operate a drilling program to expand the resource.

Concurrent with the Acquisition, the Company completed a non-brokered private placement financing of 16,435,000 common shares at $0.20 per share for gross proceeds of $3,287,000. The Company paid finder's fees of $49,500 and legal fees of $9,919 in connection with the financing.

On September 1, 2022, the Company issued 6,175,000 stock options with an exercise price of $0.20. All stock options issued are under a semi-annual vesting schedule with 25% of the shares vesting every 6 months starting on March 1, 2023. The options expire five years from the grant date. The value of the options granted was $716,328 (2021 - nil) or $0.12 (2021 - nil) per option.

3) Summary of annual data and quarterly results

The following table is a summary of the Company's financial results and position for the last three completed years.

In Canadian dollars	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Revenue	-	-	-
Loss from operations	672,000	272,523	245,186
Net Loss	672,000	272,523	245,186
Total Assets	11,477,405	1,414,524	688,188
Total non-current liabilities	-	-	-

The presentation currency of the Company has been the Canadian dollar in every year presented and financial statements have been prepared in accordance with IFRS.

The following table is a summary of the Company's financial results and position for the 8 most recently completed quarters.

	Three months ended							
In Canadian dollars unless otherwise stated	31-Mar-23	31-Dec-22	30-Sep-22	30-Jun-22	31-Mar-22	31-Dec-21	30-Sep-21	30-Jun-21
Net loss	298,803	379,379	47,894	176,496	68,231	91,980	65,692	77,803
Basic loss per share	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00
Diluted loss per share	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00
Weighted average shares (basic and diluted)	91,515,501	91,515,501	91,515,501	76,534,072	39,080,501	39,080,501	39,080,501	33,170,237
Total assets	11,283,610	11,477,405	11,616,179	11,637,214	1,352,178	1,414,524	1,489,189	1,550,916
Long-term liabilities	-	-	-	-	-	-	-	-

The Company had been preserving cash while searching for a suitable mining transaction for the business; the Company purchased Bridle post on April 27, 2022 (see "2. Corporate profile and overall performance") concurrently with a financing. The Total assets balance primarily consists of the Colpayoc Property acquired and the Company's cash balance. The Company has incurred some general and administrative expenses during the periods shown, resulting in a small net loss in each period and a commensurate reduction in the total assets of the Company. The loss per share has remained reasonably consistent throughout the periods shown. The higher loss in Q2 2022 as compared to prior quarters was due to additional professional fees relating to the Acquisition and concurrent financing. The increase in loss in Q1 2023 and Q4 2022 was primarily due to stock option expense relating to the issuance in September.

4) Results of operations

Three months ended March 31, 2023 compared to the three months ended March 31, 2022

As at March 31, 2023, the Company is an exploration mining company and has no sources of revenue, accordingly, the Company has not recorded any revenues, and depends upon share issuances to fund its expenses.

The Company incurred a net loss of $298,803 in the three months ended March 31, 2023 as compared to $68,231 in the same period in the prior year. The table below details the changes in the expenditures for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022.

Expense/Other income or loss	Increase/Decrease from prior year	Explanation for the change
Exploration expenditures	Increase of $21,497	The increase in the expense is a result of additional project investigation costs as the Company evaluates prospective properties.
General and administrative	Increase of $6,216	The increase in the expense is a result of general and administrative costs of Bridle Capital which was acquired in Q2 2022 and not owned in the prior period (see "2. Corporate profile and overall performance").
Insurance expense	No change	Materially consistent in both periods.
Listing and filing fees	Decrease of $828	Materially consistent in both periods.
Management fees	No change	Materially consistent in both periods.
Marketing fees	Increase of $30,000	The increase in the expense is a result of marketing efforts for the Company including brand development and website/development maintenance.
Professional fees	Increase of $10,535	The increase in the expense is a result of professional fees of Bridle Capital which was acquired in Q2 2022 and not owned in the prior period,
Salaries and wages	Increase of $7,775	The increase in the expense is attributable to increased fees paid to the CFO as a result of additional hours worked during the period.
Foreign exchange loss	Increase of $336	Materially consistent in both periods.
Share-based compensation	Increase of $155,041	The increase in Share-based compensation is a result of stock options granted on September 1, 2022 (see "7. Disclosure of data for outstanding common shares and stock options").

Cash flows

In the three months ended March 31, 2023, the Company's cash balance decreased by $314,131 (2022 – $435,997). This change is as a result of: incurring $143,762 (2022 – $57,340) in cash operating expenses, an outflow of $65,079 (2022 – inflow of $4,611) relating to timing differences with respect to non-cash working capital, and deferred acquisition costs of $105,290.

5) Liquidity and capital resources

As at March 31, 2023, the Company had a cash balance of $1,350,112 (December 31, 2022 - $1,664,243) and a working capital surplus of $1,344,421 (December 31, 2022 – $1,593,473).

On April 27, 2022, the Company completed a non-brokered private placement financing of 16,435,000 common shares at $0.20 per share for gross proceeds of $3,287,000. The Company paid finder's fees of $49,500 and legal fees of $9,919 in connection with the financing.

Management believes that the Company has sufficient funds on hand to meet its current exploration program and anticipated administrative expenses and legal costs associated with ongoing operations, however, may need to raise additional capital through further rounds of equity financing to fulfill the commitments below as and when they arise.

On April 29, 2021, Bridle entered into a binding letter agreement with the owners (the "Optionors") of the "Francisco Jose IV" and "Francisco Jose V" mineral concessions (the "Francisco Concessions"), which form part of the Colpayoc Property and consist of approximately 680.9 hectares of mineral concessions located in Cajamarca, Peru. Payments by Bridle to the owners of the Francisco Concessions under the binding letter agreement included US$50,000 payable on signing of the Letter Agreement ("LA"), US$250,000 on completion of satisfactory due diligence, and US$200,000 upon registering, in Peru, a copy of the definitive earn-in and shareholders agreement (the "Jose Agreement"), all of which amounts were paid.

On July 1, 2021, Bridle, through its Peruvian subsidiary, superseded the LA by entering into an agreement (the "Jose Agreement") to acquire up to 100% of the shares of Colpayoc S.A.C., which owns the "Francisco Jose IV" and "Francisco Jose V", in two stages - the first stage, if earned, will entitle Bridle to 75% of the shares of Colpayoc S.A.C. ("Stage 1") and the second stage, if earned, will entitle Bridle to the remaining 25% of the shares of Colpayoc S.A.C. ("Stage 2", together with Stage 1, the "Earn-In Right"). The Jose Agreement provides that, in order to retain the Earn-In Right Bridle will pay US$150,000 to the optionors upon the earlier of (i) the date all permits, permissions, licences and agreements required by Peruvian law are obtained, including exploration, drilling and environmental permits and community agreements required to fulfill exploration expenditure requirements (the "Approval Date"), and (ii) July 1, 2022.

Pursuant to the Jose Agreement, Bridle can acquire the shares of Colpayoc S.A.C. by making the following cash payments and exploration expenditures: Stage 1 (75%) by making cash payments of US$1,500,000 within two years from the Approvals Date and incurring exploration expenditures of US$1,500,000 in year one and US$2,000,000 in year two; and Stage 2 (25%) by making cash payments of US$1,500,000 within four years from the Approvals Date and incurring exploration expenditures of US$1,000,000 in year three and US$1,000,000 in year four.

In addition, upon acquisition of the earned interest, the optionors shall be granted, on a pro-rata basis, an aggregate two percent (2%) net smelter returns royalty (the "Jose Royalty") from production on the Francisco Concessions. The Peruvian subsidiary of Bridle is entitled to (but not required to) buy back some or all of the Jose Royalty within one year of the commencement of commercial production by making aggregate payments to the holders of the Jose Royalty (on a pro-rata basis) as follows:

- US$1,000,000 for each 0.5% of the Jose Royalty for up to 1.0% of the Jose Royalty;
- US$1,500,000 for the next 0.5% of the Jose Royalty, and
- US$2,000,000 for the remaining 0.5% of the Jose Royalty.

On July 24, 2021, Bridle entered into a definitive earn-in agreement (the "El Ferrol Agreement"), whereby through its Peruvian subsidiary, it can acquire a 100% interest in the "El Ferrol No. 18" mineral concession (which forms part of the Colpayoc Property and consists of approximately 900 hectares located in Cajamarca, Peru) by making an aggregate payment of US$250,000 in the following amounts on or before the following dates:

- US$50,000 (paid) following the date of registering the El Ferrol Agreement (the "Effective Date");
- US$50,000 (paid) one (1) years from the Effective Date;

- US$75,000 two (2) years from the Effective Date; and
- US$75,000 three (3) years from the Effective Date.

In addition, upon acquisition of the earned interest, the owner of the “El Ferrol No. 18” concession shall be granted a one percent (1%) net smelter returns royalty (the “El Ferrol Royalty”) on production from the “El Ferrol No. 18” concession. The Peruvian subsidiary is entitled to (but not required to) buy back all the El Ferrol Royalty within nine years after acquisition by making a payment of US$500,000 to the owner of the “El Ferrol No. 18” concession.

As of the date hereof, the Company did not have any further commitments for capital expenditures or other contractual obligations other than those discussed elsewhere in this MD&A. The Company has no debt other than its accounts payable balance.

6) Transactions with related parties

Related parties are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. Related parties of the Company include the members of the Board of Directors, officers of the Company, close family members of these individuals, and any companies controlled by these individuals. Pathway Capital Ltd (“Pathway”) is considered a related party of the Company as it is controlled by the Chief Executive Officer and a director of the Company.

On November 26, 2018, the Company entered into an administrative services agreement with Pathway to pay for rent and other administrative services. On September 1, 2020, this agreement was modified to include management fees in addition to the services already provided by Pathway. During the three months ended March 31, 2023, Level 14 paid or accrued $15,000 to Pathway under the agreement (2022 - $15,000), these expenses are included under general and administrative expenses and management fees in the consolidated statement of loss and comprehensive loss. As at March 31, 2023, the Company had an accounts payable balance of $35,326 owing to Pathway (December 31, 2022 - $28,739).

On April 27, 2022, the Company acquired Bridle and issued 30,000,000 common shares valued at $6,000,000 to a significant shareholder. The Company also granted a 1% NSR on the Jose IV, Jose V and El Ferrol properties, and repaid the $814,820 (US$624,431) shareholder loan of Bridle.

As at March 31, 2023, members of the Board of Directors and certain officers of the Company and their close family members held a combined ownership of the Company of 84.34% (2022 – 84.34%).

Compensation of key management personnel:

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company considers its Board of Directors, as well as the CEO and CFO to be key management personnel.

During the three months ended March 31, 2023 and 2022, the Company’s compensation cost for key management personnel was as follows:

	Three months ended March 31, 2023 $	**Three months ended March 31, 2022 $**
Salaries and Wages[1]	24,000	16,225
Share-based compensation	119,262	-
Total	143,262	16,225

[1]Included in Salaries and Wages are management fees relating to the Pathway agreement of $9,000 for the three months ended March 31, 2023 (2022 - $9,000)

7) Disclosure of data for outstanding common shares and stock options

As of the date of this MD&A, there were 91,515,501 common shares of the Company issued and outstanding. In addition, the Company had 7,875,000 share purchase options and 27,166,000 warrants. The fully diluted outstanding share count at the date of this MD&A is 126,556,501.

8) Significant judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Management believes the estimates and assumptions used in the Financial Statements are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

Significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the annual financial statements as at and for the year ended December 31, 2022.

9) Changes in accounting standards

There are no upcoming changes in accounting standards which impact the Company.

10) Financial Instruments

As at March 31, 2023, the Company's financial instruments consist of cash, cash advances, receivables, and accounts payable. The Company classifies cash, cash advances and receivables as financial assets held at amortized cost. The Company classifies accounts payable as financial liabilities, and these are held at amortized cost. The fair value of all of the Company's financial instruments approximates their carrying value.

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1– fair values based on unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and

Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between the levels during the three months ended March 31, 2023 or as of the date of this MD&A.

The risk exposure arising from these financial instruments is summarized as follows:

(a) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial assets are cash and receivables. The Company holds it cash in bank accounts with highly rated financial institutions, therefore minimizing the Company's credit risk. Receivables are due from government agencies.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company has sufficient funds as of March 31, 2023 to cover its liabilities. The Company's ability to continue to meet its liabilities when due, beyond the current cash balance, is dependent on future support of shareholders through public or private equity offerings.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings or financial instruments.

As at March 31, 2023, the Company is exposed to currency risk through its assets and liabilities denominated in US dollars and Peruvian nuevo soles. A significant change in these exchange rates could have an effect on the Company's results of operations, financial position, or cash flows. The Company has not hedged its exposure to currency fluctuations.

Based on the balances held in foreign currencies as at March 31, 2023, and assuming all other variables remain constant, a 10% change in the value of the Canadian dollar against the US dollar and Peruvian nuevo soles would result in an increase/decrease of approximately $2,445 in assets.

The Company carries no interest-bearing debt and so is not at risk of interest rate movements at present.

Capital Management

In the management of capital, the Company includes the components of shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral projects for the benefit of its stakeholders. As the Company is in the exploration stage, it has no income from operations, and its principal source of funds is from the issuance of its common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture arrangements, or dispose of assets.

The Company's investment practice is to invest its excess cash in highly liquid short-term interest-bearing investments selected with regards to expected timing of its expenditures. The Company is not subject to any externally imposed capital requirements.

11) Forward looking statements

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words. Readers are cautioned that these statements which describe the Company’s plans, objectives, and budgets may differ materially from actual results and as such should not be unduly relied upon by investors. Forward-looking statements contained in this MD&A speak only as to the date of this MD&A, or such other date as may be specified herein, and are expressly qualified in their entirety by this cautionary statement.