



**ATLAS SALT INC.**

**MANAGEMENT DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS**

**For the Year Ended December 31, 2023 and 2022**

**April 23, 2024**

## **Cautionary Note Regarding Forward-Looking Statements**

*Certain statements in this MD&A are forward-looking statements or contain forward-looking information, which may include, but are not limited to, statements with respect to the future financial or operating performance of Atlas Salt Inc. (“Atlas” or the “Company”) and its projects, business strategy, corporate plans, objectives and goals, as well as the market conditions applicable to Atlas. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative 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. Forward-looking statements include, among others: expectations regarding commodity prices; statements relating to the business and future activities of and developments related to Atlas; statements relating to the finances of Atlas not based on the audited financial statements of Atlas; the expected success of business activities; expectations for other economic, business, regulatory and/or competitive factors related to Atlas in general; the business objectives and milestones of Atlas; the amount and principal uses of available funds; and other events or conditions that may occur in the future.*

*Forward-looking information and statements are based on current expectations, beliefs, assumptions, estimates and forecasts about the Company’s business and the industry and markets in which it operates, as of the date of this MD&A. Although the assumptions made by the Company in providing forward looking information or making forward looking statements are considered reasonable by management at the time, there can be no assurance that such assumptions will prove to be accurate.*

*Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Atlas to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to, the risk factors discussed in this MD&A, including risks relating to the development of Atlas’s Great Atlantic Salt Project. Although Atlas has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and, other than as required by law, Atlas disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be 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. Accordingly, readers should not place undue reliance on forward-looking statements.*

## **GENERAL BUSINESS**

The Company is a mineral exploration company engaged in the evaluation, exploration, development and production of industrial mineral properties in Newfoundland and Labrador with a strong commitment to responsible and sustainable mining practices. The Company's principal asset is the Great Atlantic salt deposit project (the "Great Atlantic Salt Project"), located in the St. George Basin of western Newfoundland. With a focus on innovation and efficiency, the Company is poised to make significant contributions to the North American salt market while upholding its values of environmental stewardship and community engagement.

The Company was listed on the TSX Venture Exchange on August 17, 2012 as a result of a corporate reorganization of Vulcan Minerals Inc. ("Vulcan"), whereby Vulcan transferred its 100% working interest in its Bay St. George mineral assets to the Company. On August 24, 2021 the Company announced that it changed its name from Red Moon Resources Inc. to Atlas Salt Inc. The Company's common shares commenced trading under the new stock symbol "SALT" on September 1, 2021.

The Management Discussion and Analysis ("MDA") should be read in conjunction with the audited financial statements for the year ended December 31, 2023 and accompanying notes.

Atlas recognizes environmental, social and governance ("ESG") best practices as key components to a responsible mineral exploration and mining sector. The Company's exploration programs are conducted to meet or exceed environmental regulations, while respecting the communities and environments in which we operate. Atlas strives to earn its social license wherever it is active, endeavoring to meet regularly with local communities, regulators and other concerned parties before, and during, exploration work to understand issues important to local and Indigenous communities. Atlas's approach is based on transparency, open communication, inclusivity and respect, to better enable social and economic benefit for communities as well as value for investors.

## **OVERALL PERFORMANCE**

The Company reflected a loss of \$4,838,013 for the year ended December 31, 2023 (December 31, 2022 - \$2,453,060). The net loss consists of an increase in marketing and communications (for content distribution, advertising and marketing services), office and other expenses (for information technology services, report writing and recruitment) and loss from equity accounted investment (related to Triple Point) as well as a decrease in the gain on investment (related to the spin out of Triple Point in 2022 as well as a decrease in the related dilution gain), and gain on disposal of mineral exploration and evaluation assets (related to the spin out of Triple Point in 2022). This is offset by a decrease in share-based compensation expense for the year (due to the timing of share-based compensation granted in the year).

## Mineral Properties – Background

### *Great Atlantic Salt Project*

The Company acquired a 100% working interest in mineral licences covering a portion of the northern Bay St. George Basin in western Newfoundland in August 2012, as a result of a corporate re-organization of Vulcan Minerals Inc. The licences included the mineral rights to lands that have potential for salt, gypsum, potash, and other mineral deposits. The Company pursued the exploration for salt and potash since 2013 and delineated a significant salt resource.

In January 2016 Apex Geoscience Ltd. of Edmonton, Alberta completed a National Instrument 43-101 compliant Mineral Resource Assessment report on the halite (rock salt) deposit located at the Captain Cook (now known as the Great Atlantic) project in western Newfoundland. The report is based primarily on the Company's drilling results from 2013 and 2014, related geophysical data and historical information. This was the first mineral resource assessment of the Great Atlantic deposit.

During 2021, the Company raised funds through equity financings to initiate and complete a feasibility study on the Great Atlantic project. SLR Consulting was selected in July 2021 to undertake the analysis with the objective of producing a bankable feasibility study. As part of the feasibility analysis SLR delivered a positive Preliminary Economic Assessment on January 30, 2023. On August 28, 2023, results of the final feasibility study were received as below.

### **Technical Summary**

#### **Overview**

The Feasibility Study (FS) considers developing Great Atlantic into an underground operating mine capable of producing 2.5 Mtpa of rock salt with key mine access and plant infrastructure designed for 4.0 Mtpa. Construction of the mine would occur over three years, with access to the deposit via twin declines. Extraction of rock salt would occur using the room and pillar method, with continuous mining equipment. Salt would be processed to a specific size and grade using a crushing and screening plant located within the underground mine, and then brought to surface via conveyor belts. An overland conveyor would transport the rock salt from the mine area to the existing Turf Point port for loading onto ships destined for Canadian and American markets. The FS builds upon the January 30, 2023 PEA and forms the basis for environmental licensing and permitting and the next phase of engineering design.

On February 28, 2024, the Company announced the submission of the Project Registration Document for the Great Atlantic Salt Project, pursuant to Part X of the Newfoundland and Labrador Environmental Protection Act.

#### **Mineral Resources**

Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves (CIM (2014) definitions) were used for Mineral Resource classification. The updated Mineral Resource currently includes 383

Mt of Indicated Mineral Resources plus 868 Mt of Inferred Resources. Table 1 provides a summary of the Great Atlantic Mineral Resource estimate prepared by SLR, with an effective date of May 11, 2023.

**Table 1: Summary of Great Atlantic Mineral Resources**

Category	Tonnage (Mt)	Grade (% NaCl)	Contained NaCl (Mt)
Indicated	383	96.0	368
Inferred	868	95.2	827

Notes:

1. CIM (2014) definitions were followed for Mineral Resources.
2. Mineral Resources are estimated without a reporting cut-off grade. Reasonable Prospects for Eventual Economic Extraction were instead demonstrated by reporting within Mineable “Stope” Optimised (MSO) shapes, with a minimum height of 5 m, minimum width of 20 m, length of 40 m, and minimum grade of 90% NaCl, with a 5 m minimum pillar width between shapes.
3. Bulk density is 2.16 t/m<sup>3</sup>.
4. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
5. Mineral Resources are inclusive of Mineral Reserves.
6. Salt prices are not directly incorporated into the Mineral Resource MSO minimum target grades, however, the mean Mineral Resource grades exceed the 95.0% NaCl (± 0.5%) specification outlined in ASTM Designation D632-12 (2012).
7. Numbers may not add due to rounding.

### Mining and Mineral Reserves

Mining designs, development plans, and schedules have been prepared for a mechanized room and pillar mining operation. It is envisaged that salt will be mined using continuous miners and hauled by truck to a lump breaker and conveyor system to move material to a crushing and screening plant located underground. The FS is based upon the initial production of 2.5 Mtpa of rock salt product with key mine infrastructure capacity to expand to 4.0 Mtpa. A summary of Mineral Reserves, effective July 31, 2023, is shown in Table 2.

**Table 2: Summary of Great Atlantic Mineral Reserves**

Category	Tonnage (Mt)	Grade (% NaCl)	Contained NaCl (Mt)
Probable	88.1	96.0%	84.5

Notes:

1. CIM (2014) definitions were followed for Mineral Reserves.
2. All Mineral Reserves are classified as Probable Mineral Reserves, with extents limited to the Indicated Mineral Resource wireframe.

3. Salt prices are not directly correlated into the Mineral Reserve estimate, however the mean Reserve grades exceed the 95.0% NaCl ( $\pm 0.5\%$ ) specification outlined in ASTM Designation D632-12 (2012) and based on a detailed salt market review to determine economic viability.
4. A minimum mining height of 5.0 m and width of 16.0 m were used for production rooms.
5. Sterilization zones 8.0 m below top of salt and 5.0 m above bottom of salt have been applied.
6. A mining extraction factor of 100% was applied to all excavations.
7. Bulk density is 2.16 t/m<sup>3</sup>.
8. Planned process recovery is 95%.
9. Numbers may not add due to rounding.

The QP is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the Mineral Reserve estimate.

### **Economic Outcomes**

The resulting economics of the Project including net present value (NPV) and internal rate of return (IRR) are presented below.

#### Summary of Economic Outcomes – Initial 34 Year Production Plan at 2.5 Mtpa

<b>Metric</b>	<b>Units</b>	<b>Value</b>
Pre-Tax Payback Period	yrs	4.2
Pre-Tax IRR	%	23%
Pre-tax NPV at 5% discounting	C\$ '000	1,900,081
<b>Pre-tax NPV at 8% discounting</b>	<b>C\$ '000</b>	<b>1,017,038</b>
Pre-tax NPV at 10% discounting	C\$ '000	681,292
Post-Tax Payback Period	yrs	4.8
Post-tax IRR	%	18.5%
Post-tax NPV at 5% discounting	C\$ '000	1,088,743
<b>Post-tax NPV at 8% discounting</b>	<b>C\$ '000</b>	<b>553,094</b>
Post-tax NPV at 10% discounting	C\$ '000	349,180

It is noted that all calculations of NPV and IRR assume an initial capital spending period of four years. The payback period calculations have a base date of the commencement of operations.

On July 26, 2023 the company hired a new CEO, Mr. Rick LaBelle, to lead the Company. Mr. LaBelle brings operational expertise to Atlas Salt at a transformational moment in the Company's history. He has 40 years' experience in the mining sector (private equity and public markets), including 27 years at the executive leadership level. He has delivered over \$5 billion (CDN) in mining consumables and services sales coupled with value creation through a series of M&A transactions by effectively executing key strategic initiatives. Mr. LaBelle has partnered with private equity firms and originated, negotiated and transformed

M&A deals in mine services, drilling services, commercial explosives, mining consumables and ground control/support. Most recently, he was President and CEO of Dumas Mining from 2017 until his retirement in 2022. Mr. LaBelle created the platform and step change for Dumas' turnaround and subsequent sale to private equity. Dumas Mining, is currently one of the largest underground mine builders in the world.

Shortly after Mr. LaBelle's appointment, he retained a team consisting of Robert Booth, VP Engineering and Construction, Alasdair Federico, VP Corporate Affairs and Michael Psihogios as CFO. Mr. Booth, P.Eng, PMP, has successfully executed more than \$1.5 billion in large capital projects over the past 7 years, most recently with the gold mining company (Newmont). Mr. Federico, is an experienced executive and lawyer who was Kirkland Lake Gold's Executive Vice-President, Corporate Affairs & Social Responsibility, between late 2016 and May 2021 during a period of growth for the company. The merger of Kirkland Lake Gold and Agnico Eagle Mines was announced September 28, 2021, with the merged entity valued at \$22.4 billion (U.S.) upon closing in early 2022. Mr. Psihogios is an experienced financial executive working with public, private and investment companies in the natural resource industry over the past 20 years. Michael was the CFO of Dumas Mining, an underground mine builder from 2016 to 2021, where he established the systems and controls for a successful financial turnaround and profitable growth strategy, while proactively ensuring access to financial capital across equity, debt, and asset-backed lenders.

#### *Gypsum – Ace Deposit*

The Company evaluated the gypsum potential of its mineral licences in the dormant Flat Bay gypsum mines approximately 3km southwest of the Great Atlantic salt deposit. Gypsum was mined by open pit quarry in this area since the 1950's with reported historical production estimated at approximately 15,000,000 tonnes. Production ceased in 1990 but extensive gypsum resources are known to remain as the deposits were not exhausted.

Historical production occurred in three main pits over an area covering approximately 3 square kilometers. The company obtained a mining lease from the government of Newfoundland and Labrador to reinstate mining at the Ace Deposit covering a starter area of 12 hectares. The project was registered pursuant to the provincial environmental review process on December 13, 2017 and released from further review on February 21, 2018. The company retained an external engineering firm to prepare a mine development plan which was submitted to the Department of Natural Resources (DNR) on April 6, 2018. On July 19, 2018, the mine development plan was approved by DNR. The Company initiated operations on July 20, 2018 on a seasonal basis with a shut down over the winter months. For the period ended December 31, 2023, the Company had sales of 93,548 tonnes amounting to net proceeds of \$397,579.

Gypsum mining operations are not anticipated to occur in 2024 due to the unavailability of contract mining service providers. Beyond 2024 revenue from gypsum mining may recommence, but it will depend on the availability of mining services.

The Company has also advanced its proposal to recover gypsum from historic waste piles by way of a physical screening process. The project was registered with the Department of Environment and Climate Change on February 25, 2021 and released from full environmental review on May 10, 2021. The Company has prepared a Development and Rehabilitation Plan and has submitted this plan to the Department of Industry, Energy and Technology for final permitting and approval. The review of this plan is in process.

### *Nepheline Syenite Property*

In July 2016, the Company acquired, by staking, the Black Bay nepheline property in southern Labrador. The property consists of a surface occurrence of nepheline syenite along the southern Labrador highway. The project is located approximately 6 kilometers from tide water. The Blanc Sablon, QC airport is a 90-minute drive from the property.

Nepheline occurs in an alkali feldspar syenite unit up to 200m wide and in excess of 2,000m in length based on field work carried out by the Newfoundland and Labrador Department of Natural Resources and field mapping by the Company. Previous work on the property included the analysis of grab samples, which indicated that the chemistry of the syenite unit has the potential to meet the specifications for industrial uses. Nepheline is an industrial mineral and a source of aluminum ( $Al_2O_3$ ), sodium ( $Na_2O$ ) and potassium ( $K_2O$ ) used primarily in the manufacture of glass, ceramics, extenders and fillers. Commercial nepheline deposits are rare with only one mine in production in North America at Blue Mountain in Ontario which produces about 1,000,000 tonnes per year. Though feldspar is used as a substitute for nepheline because of nepheline's limited supply, nepheline generally a preferred material over feldspar due to its higher concentration of potassium and sodium resulting in significant energy savings in industrial uses. The world feldspar market is approximately 20,000,000 tonnes per year. In 2016 the Company carried out a mapping and sampling program at the nepheline occurrence to outline the mineralogical variation within the deposit to better evaluate its chemistry. Results from the sampling indicate that the alumina and alkali content of the rock is comparable to other commercial nepheline deposits and that beneficiation results meet industrial specifications. In 2017 the Company obtained, through surface channel sampling, in excess of 3 tonnes of material to scale up the geochemical and beneficiation analysis. Preliminary geochemical analysis is similar to the initial 2016 sampling which is encouraging. Beneficiation work on the composite bulk sample has confirmed encouraging results comparable to the 2016 analysis. Further work is being designed to fully quantify the material's mineralogical characteristics and evaluate the potential tonnage through drilling.

### Financing

In 2023, the Company closed a private placement financing for aggregate proceeds of \$10,000,000. It was anticipated that the net proceeds of the offering would be used to complete the feasibility study of the Great Atlantic Salt deposit and advancement towards development.



To date, the proceeds of the financing have been used to complete the Great Atlantic Salt Project Feasibility Study with SLR Consulting, for post-feasibility work including the Greenhouse Emissions Inventory Report from Stantec Consulting Ltd, completion and the submission of the Project Registration Document for the Great Atlantic Salt Project pursuant to Part X of the Newfoundland and Labrador Environmental Protection Act. Additionally, proceeds have been used for general working capital purposes, including technical advisors, general and administrative costs, and corporate relations.

A summary of actual costs incurred compared to the intended use of available funds (as per the Offering Document from January 12, 2023) is summarized in the table below.

<b>Description of intended use of available funds listed in order of priority <sup>(1)</sup></b>	<b>Offering Document (January 12, 2023)</b>	<b>Actuals (January 1 to December 31, 2023)</b>
Complete Feasibility Study of Great Atlantic salt including all related engineering, geotechnical and analytical work	\$1,300,000	\$2,277,376
Post feasibility project permitting including environmental and ESG work for both underground workings and surface facilities	\$1,900,000	\$878,575
Initiate pre-production development, surface, storage and transportation installations and related procurement	\$8,200,000	\$353,863
Technical Advisors re development work and product marketing	\$900,000	\$635,568
General and Administrative	\$2,200,000	\$1,809,638
Corporate relations, communications and further project financing	\$1,500,000	\$1,707,534
Unallocated Working Capital	\$2,150,000	N/A

Notes:

- (1) Cost categories as defined in the Offering Document dated January 12, 2023 for “Use of Available Funds”

The Company intends to continue with the anticipated use of proceeds as outlined in the Offering Document dated January 12, 2023.

In 2023, the Company spent approximately \$2.3 million on its Feasibility Study of the Great Atlantic Salt project compared to an initial estimate of \$1.3 million included in the Offering Document estimate due to an increased final scope of work with SLR Consulting relating to marketing and logistics, environmental studies, permitting and a preliminary expansion case.

In 2024, post-feasibility project permitting, pre-production development, technical advisory work, along with continued investment in general and administrative and corporate relations are underway. No material changes have occurred in the ability for the Company to achieve its business objectives and milestones as outlined in the January 12, 2023 Offering Document, being the completion of the feasibility study of the Great Atlantic Salt deposit and advancing towards development.

### 2024 Objectives

In 2024, the Company's principal objective is to continue advancing the Great Atlantic Salt Project. To date, in 2024, the Company has achieved the following milestones.

- **January 8, 2024:** Announced the key strategies for de-risking mine project execution, alongside the completion of a third-party peer review of the FS by BWB Consulting Services Inc.;
- **January 15, 2024:** Announced the results of a Greenhouse Gas (GHG) Emissions Inventory Report for the Great Atlantic Salt Project by Stantec Consulting Ltd., confirming exceptionally low GHG intensity;
- **February 28, 2024:** Announced the submission of the Project Registration Document for the Great Atlantic Salt Project pursuant to Part X of the Newfoundland and Labrador Environmental Protection Act.
- **April 11, 2024:** Announced an update on expected timing for its submission of the Project Registration Document for the Great Atlantic Salt Project pursuant to Part X of the Newfoundland and Labrador Environmental Protection Act.
- **April 19, 2024:** Announced that the Honourable Bernard Davis, NL Minister of Environmental and Climate Change, has released with conditions the proposed Great Atlantic Salt Project from the provincial environmental assessment process.

These activities-to-date, represent crucial milestones in the development of the Great Atlantic Salt Project, and achieving a path to financing, construction and ultimately unlocking stakeholder value.

Looking ahead, the Company is progressing the following objectives for the Great Atlantic Salt Project for the remainder of 2024:

- Completion of conditions and establishment of monitoring requirements with the Newfoundland and Labrador Environmental Protection Act;
- Progressing permitting, leasing and zoning;
- Developing the planned timeline to commercial production;
- Developing mine design and build optimizations, including preliminary economic assessments of production expansion and flexibility scenarios;
- Progressing offsite infrastructure agreements and capital investment plans for logistics including the planned material transportation, conveyor and port loading systems;
- Developing salt distribution and monetization strategic partnerships; and
- Progressing project financing options.

## **MINERAL EXPLORATION AND EVALUATION ASSETS**

The major components of the cumulative mineral exploration and evaluation assets at the end of the year are as follows:

Acquisition costs – licenses	<b>1,054,365</b>
Mineral licenses and license renewals	<b>85,496</b>
Asset retirement obligation	<b>136,931</b>
Drilling, geological, geophysical and related costs	<b>5,157,222</b>
Share-based compensation	<b>767,513</b>
Feasibility Study	<b>3,297,823</b>
Gypsum sales	<b>(2,062,891)</b>
Government grants	<b>(274,164)</b>
<b>Balance</b>	<b>8,162,295</b>

## **SUMMARY OF ANNUAL RESULTS FOR LAST THREE YEARS**

Year Ended	Total Revenue	Net Income (Loss) <sup>(1)</sup>	Net Income (Loss) Per Share <sup>(1)</sup>	Net Income (Loss) Per Share – Diluted <sup>(1)</sup>	Total Assets	Total Long-term Liabilities	Cash & Cash Equivalents
	\$	\$	\$	\$	\$	\$	\$
Dec 31, 2023 <sup>(2)</sup>	933,844	(4,838,013)	(0.052)	(0.052)	22,374,049	136,931	12,192,483
Dec 31, 2022 <sup>(2)</sup>	1,628,863	(2,453,060)	(0.030)	(0.030)	16,046,794	144,720	9,269,788
Dec 31, 2021 <sup>(2)</sup>	74,441	(2,171,990)	(0.031)	(0.031)	11,253,202	140,665	8,804,146

Notes:

- (1) There were no discontinued operations or extraordinary items in each of the years listed above.
- (2) There were no cash dividends declared in each of the years listed above.

## **SUMMARY OF QUARTERLY RESULTS FOR LAST THREE YEARS**

Year Ended	Total Revenue	Net Income (Loss)	Net Income (Loss) Per Share	Net Income (Loss) Per Share – Diluted	Total Assets	Total Long-term Liabilities	Cash & Cash Equivalents
Dec 31, 2023	129,547	(1,132,620)	(0.012)	(0.012)	22,374,049	136,931	12,192,483
Sep 30, 2023	306,708	(360,207)	(0.004)	(0.004)	22,443,798	137,994	13,408,648
Jun 30, 2023	293,693	(2,327,446)	(0.025)	(0.025)	23,683,040	135,348	15,151,110
Mar 31, 2023	203,896	(1,017,740)	(0.011)	(0.011)	24,262,852	139,326	17,417,408
Dec 31, 2022	2,405,022	353,389	0.004	0.004	16,046,794	144,720	9,269,788
Sep 30, 2022	(886,595)	(1,498,979)	(0.018)	(0.018)	14,061,954	320,218	10,084,066
Jun 30, 2022	29,185	(922,630)	(0.012)	(0.012)	12,093,182	149,663	7,987,016
Mar 31, 2022	81,251	(384,840)	(0.005)	(0.005)	11,706,199	145,812	8,513,884
Dec 31, 2021	63,018	(514,339)	(0.007)	(0.007)	11,253,202	140,665	8,804,146
Sep 30, 2021	7,736	(302,828)	(0.004)	(0.004)	9,923,858	136,139	8,091,051
Jun 30, 2021	3,338	(1,122,743)	(0.016)	(0.016)	9,573,493	136,139	7,622,743
Mar 31, 2021	349	(232,080)	(0.003)	(0.003)	5,945,224	133,722	4,068,104

Income for each quarter is represented by interest income, except for June 30, 2022, March 31, 2022 and December 31, 2021 which is made up of flow-through share income and interest income. December 31, 2023, September 30, 2023, June 30, 2023, and March

31, 2023 income also includes a dilution gain on its investment in Triple Point. December 31, 2022 income includes interest income, dilution gain and gain on disposal of mineral exploration and evaluation assets.

The net loss for December 31, 2023 consists of an increase in marketing and communications, and office and other expenses as well as a decrease in the gain on investment in associate, dilution gain and gain on disposal of mineral exploration and evaluation assets as well as an increase in the loss from equity accounted investments. This is offset by a decrease in share-based compensation.

The loss for September 30, 2023 and June 30, 2023 is primarily due to an increase in marketing and communication expenses, share-based compensation expense as well as a loss from equity accounted investment. The loss for March 31, 2023 also includes increased share-based compensation expenses. The loss for March 31, 2022 is primarily due to share-based compensation. The loss for March 31, 2021 is primarily represented by administrative expenses. The loss for June 30, 2021, September 30, 2021 and December 31, 2021 is primarily represented by marketing and communications and investor relations expenses as well as share-based compensation.

Income from the Ace gypsum mine was considered pre-production income and therefore \$2,062,891 was netted against the exploration and evaluation assets.

## **RESULTS OF OPERATIONS**

	Twelve months ended		Three months ended	
	December 31,		December 31,	
	2023	2022	2023	2022
Marketing and communications	<b>(1,751,506)</b>	(793,412)	<b>(36,179)</b>	(83,059)
Share-based compensation	<b>(1,478,892)</b>	(1,804,470)	<b>(515,003)</b>	(1,398,824)
Office and other	<b>(425,945)</b>	(126,004)	<b>(93,249)</b>	(66,988)
Salaries and benefits	<b>(366,242)</b>	(107,999)	<b>(66,988)</b>	(30,029)
Transfer agent, regulatory and professional fees	<b>(336,586)</b>	(433,881)	<b>(147,607)</b>	(165,453)
Management and subcontract fees	<b>(332,621)</b>	(370,687)	<b>(28,431)</b>	(70,157)
Investor relations	<b>(326,000)</b>	(211,102)	<b>(62,500)</b>	(95,885)
Conferences and travel	<b>(103,526)</b>	(118,809)	<b>(12,201)</b>	(73,174)
Directors' fees	<b>(50,000)</b>	(50,000)	-	-
Other expenses	-	-	<b>69,832</b>	-
Depreciation	<b>(12,908)</b>	(3,393)	<b>(10,213)</b>	(1,644)
<b>Total Expenses</b>	<b>(5,182,226)</b>	(4,019,757)	<b>(902,539)</b>	(1,999,975)
Interest	<b>568,662</b>	151,873	<b>122,453</b>	69,002
Gypsum revenue	-	-	<b>(298,822)</b>	-
Loss from equity accounted investment	<b>(587,631)</b>	(62,166)	<b>(359,628)</b>	(51,658)
Dilution gain	<b>365,182</b>	409,620	<b>305,916</b>	409,620
Gain on investment in associate	-	739,049	-	-
Gain on disposal of mineral exploration and evaluation assets	-	248,911	-	1,926,400
Other income	-	79,410	-	-
<b>Total Income</b>	<b>346,213</b>	1,566,697	<b>(230,081)</b>	2,353,364
<b>Net and Comprehensive (Loss) Income</b>	<b>(4,838,013)</b>	(2,453,060)	<b>(1,132,620)</b>	353,389

### Twelve months ended December 31, 2023 compared to 2022

Details of the expenses and other items are as follows:

*Marketing and communications:* The increase in marketing and communications was primarily related to the engagement of third-party consultants to broaden media and awareness of the Great Atlantic Salt project in Q2 and Q3 2023.

*Share-based compensation:* The reduction in share-based compensation was primarily related to no 2023 grant of options. The 2023 expense related to the expense of the 2022 grant of options as well as the expense for the PSUs and RSUs that were granted in Q3 and Q4 2023.

*Office and other:* The increase in office and other was primarily related to the recruitment expenses related the new CEO, increased rent (the Company set up a new office in St. John's and St. George's, Newfoundland in 2023), increased information technology expenses related to the set up of the new offices and new team, and an increase in the OTC annual fee.

*Salaries and benefits:* The increase in salaries and benefits was primarily related to an increase in wage expenses in addition to new office staff hired in 2023 as the Company's operations expanded.

*Investor relations:* The increase in investor relations was primarily related to the engagement of third-party consultants to engage shareholder and investor communications for the Great Atlantic Salt project during the year.

*Loss from equity accounted investment:* This is the equity pick up of the Investment in Triple Point Resources for the year.

#### Three months ended December 31, 2023 compared to 2022

Details of the expenses and other items are as follows:

*Marketing and communications:* The decrease in marketing and communications was related to the expiration of third-party consultant contracts in Q4 2023 which were previously used to broaden media and awareness of the Great Atlantic Salt project.

*Share-based compensation:* The reduction in share-based compensation was primarily related to no 2023 grant of options. The 2023 expense related to the expense of the 2022 grant of options as well as the expense for the PSUs and RSUs that were granted in Q3 and Q4 2023.

*Office and other:* The increase in office and other was primarily related increased rent and office expenses related to the set up a new office in St. John's and St. George's, Newfoundland in 2023.

*Salaries and benefits:* The increase in salaries and benefits was primarily related to new office staff hired in 2023 as the Company's operations expanded.

*Investor relations:* The decrease in investor relations was primarily related to the expiration and termination of third-party consultant contracts in Q4 2023 which were previously used to engage shareholder and investor communications for the Great Atlantic Salt project during the year.

*Loss from equity accounted investment:* This is the equity pick-up of the investment in Triple Point Resources for the year.

## **LIQUIDITY, CAPITAL RESOURCES, AND GOING CONCERN**

The Company had current assets of \$12,412,552 at year end including cash of \$12,192,483 and Accounts Receivable of \$175,238. The Company had accounts payable and accrued liabilities of \$460,971 resulting in positive working capital of \$11,951,581. The Company completed a financing in January 2023 for \$10,000,000.

The Company has no long-term debt and as such is not sensitive to interest rate fluctuation on debt instruments. The Company has no contingent liabilities that could materially affect its financial position.

The Company carries out exploration on mineral licences in Newfoundland and Labrador. These tenure instruments require work obligations to maintain ownership. Failure to fulfill work obligations would result in loss of ownership interest. The Company originally held 13 mineral licences represented by 36,375 hectares. From 2013 to 2019, in addition to the acquisition of additional mineral licences, the Company reorganized several of its original mineral licences, resulting in the Company holding 20 mineral licences at December 31, 2023, representing approximately 8,025 hectares in the Bay St. George region of Western Newfoundland and in Black Bay, Labrador. The Company's current mineral licences are in good standing in respect of ongoing work obligations.

<b>Year Required</b>	<b>Required Expenditures (Estimated)</b>	<b>Notes</b>
2024	\$35,000	There is sufficient cash on hand and the plan is to complete work on these licences to maintain their good standing.
2025	\$43,000	There is sufficient cash on hand and the plan is to complete work on these licences to maintain their good standing.
2026	\$5,500	There is sufficient cash on hand and the plan is to complete work on these licences to maintain their good standing.
2027	\$36,000	There is sufficient cash on hand and the plan is to complete work on these licences to maintain their good standing.
2028	\$8,000	There is sufficient cash on hand and the plan is to complete work on these licences to maintain their good standing.
2029	\$12,000	There is sufficient cash on hand and the plan is to complete work on these licences to maintain their good standing.
Estimated Total	\$139,500	The total is \$139.5K over the next six years. There is sufficient cash on hand and the plan is to complete work on all current licences to maintain their good standing.

With the cash balance of over \$12 million, the Company has the capacity to maintain its current licences in addition to be able to work on its 2024 objectives as noted above.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements in the current or prior periods.

## **TRANSACTIONS WITH RELATED PARTIES**

The Company incurred expenditures of \$295,863 for the year ended December 31, 2023 (December 31, 2022 – \$361,241) in transactions with Vulcan Minerals for project management, technical services, and field operation services provided to the Company. Vulcan Minerals Inc. owns 30.49% of Atlas Salt as of December 31, 2023. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Company incurred premises rent in the amount of \$24,000 for the year ended December 31, 2023 (December 31, 2022 – \$12,000) to a private company owned and controlled by a Director of the Company.

Accounts payable and accrued liabilities include \$34,911 owing to Vulcan Minerals Inc. at December 31, 2023 (December 31, 2022 – \$117,807).

## **CHANGES IN ACCOUNTING POLICIES**

There have been no changes in accounting policies during the year ended December 31, 2023.

## **FINANCIAL INSTRUMENTS AND RISKS**

The Company's financial instruments include cash, accounts receivable, and accounts payable and accrued liabilities. The fair value of each approximates the carrying value due to their short-term nature. The Corporation is exposed to various risks resulting from its operations. The Corporation's main risk exposure and its risk management policies are as follows:

### *Business Risks*

The Company is a mineral exploration company principally involved in the evaluation, exploration, development and production of mineral properties which is an inherently high-risk activity. The business of exploring for, developing, acquiring, producing minerals is subject to many risks and uncertainties, several of which are beyond the control of the Company. These risks are operational, financial, legal, and regulatory in nature.

Operational risks include unsuccessful exploration and development activity, safety and environmental concerns, access to cost effective contract services, escalating industry costs and timelines for contracted services and equipment, product marketing and hiring and retaining qualified employees.



The Company is subject to financial risk as exploration and development is capital intensive. The Company has potential sources of funding including equity financing and joint venture financing arrangements. Production at its Ace gypsum mine also provides cash flow to mitigate some of these risks. Only the skills of management and staff in mineral exploration and development financing serve to mitigate these risks.

The Company is subject to a variety of regulatory risks that it does not control. Government and Securities regulations are monitored to ensure the Company continues to comply.

#### *Financial Risk Factors*

The Company has exposure to credit risk, liquidity risk and market risk. The source of risk exposure and how each is managed is outlined below:

Credit risk is the risk of loss associated with counterparty's inability to fulfil its payment obligation. The Company is exposed to credit risk on its cash and accounts receivable. Cash is maintained on deposit with a major Canadian chartered bank. The Company believes its credit risk with respect to cash and accounts receivable is not significant.

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. As of December 31, 2023 the Company had a cash balance of \$12.2 million and a positive working capital of \$11.95 million.

#### *Market risk*

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

#### *Commodity price risk*

The value of the Company's mineral exploration and development assets is partially related to the market price of metals and industrial minerals. The Company does not hedge this exposure to fluctuations in commodity prices. The Company's ability to continue with its exploration and development programs is also indirectly subject to commodity prices.

### **SHARE CAPITAL**

The Company has issued and outstanding common shares of 95,216,047 as at the date of this MDA. The Company's share capital consists of an unlimited number of voting common shares, and an unlimited number of preferred shares of which there are none outstanding.

As of the date hereof, the Company has 4,600,000 exercisable stock options and 2,850,000 warrants outstanding as outlined below.

Date Issued	Number	Exercise Price (\$)	Details	Expiry Date
<b>Stock Options</b>				
Nov 22, 2022	800,000	2.35	Directors' Options	Nov 3, 2032
Nov 3, 2022	50,000	2.35	Employee Options	Nov 3, 2027
Nov 3, 2022	100,000	2.35	Employee Options	Nov 3, 2032
Apr 9, 2021	1,500,000	0.50	Directors' Options	Apr 9, 2026
Dec 16, 2020	550,000	0.10	Directors' Options	Dec 16, 2025
Dec 30, 2019	600,000	0.10	Directors' Options	Dec 30, 2024
Mar 16, 2016	1,000,000	0.10	Directors' Options	Mar 16, 2026
<b>Total</b>	<b>4,600,000</b>			

Date Issued	Number	Exercise Price (\$)	Details	Expiry Date
<b>Warrants</b>				
Jan 19, 2023	1,425,000	2.40	Share Purchase Warrants	Jan 19, 2025
Jan 16, 2023	1,425,000	2.40	Share Purchase Warrants	Jan 16, 2025
<b>Total</b>	<b>2,850,000</b>			

The company had 1,059,500 RSUs outstanding, 1,865,500 PSUs outstanding and 150,000 DSUs outstanding as of the date of this MDA, as outlined below.

Date of Grant	Number	Stock Price on Date of Grant	Details	Vest Date
<b>RSUs</b>				
Jul 26, 2023	600,000	1.36	Officer RSU	July 26, 2024
Jul 26, 2023	200,000	1.36	Officer RSU	January 26, 2025
Aug 28, 2023	50,000	1.26	Officer RSU	August 28, 2024
Aug 28, 2023	20,000	1.26	Officer RSU	February 28, 2025
Aug 28, 2023	20,000	1.26	Officer RSU	August 28, 2025
Oct 6, 2023	14,000	0.92	Consultant RSU	October 6, 2024
Oct 6, 2023	5,750	0.92	Consultant RSU	April 6, 2025
Oct 6, 2023	5,750	0.92	Consultant RSU	October 6, 2025
Oct 10, 2023	40,000	0.95	Officer RSU	October 10, 2024
Oct 10, 2023	16,000	0.95	Officer RSU	April 10, 2025
Oct 10, 2023	16,000	0.95	Officer RSU	October 10, 2025
Jan 5, 2024	40,000	0.70	Officer RSU	January 5, 2025
Jan 5, 2024	16,000	0.70	Officer RSU	July 5, 2025
Jan 5, 2024	16,000	0.70	Officer RSU	January 5, 2026
<b>Total</b>	<b>1,059,500</b>			

Date of Grant	Number	Stock Price on Date of Grant	Details (Various Performance Targets)	Vest Date (Not Before the date below)
<b>PSUs</b>				
Jul 26, 2023	1,400,000	1.36	Officer PSU	July 26, 2024
Aug 28, 2023	160,000	1.26	Officer PSU	August 28, 2024
Oct 6, 2023	49,500	0.92	Consultant PSU	October 6, 2024
Oct 10, 2023	128,000	0.95	Officer PSU	October 10, 2024
Jan 5, 2024	128,000	0.70	Officer PSU	January 5, 2025
<b>Total</b>	<b>1,865,500</b>			

Date of Grant	Number	Stock Price on Date of Grant	Details	Vest Date
<b>DSUs</b>				
Jan 5, 2024	50,000	0.70	Director DSU	January 5, 2025
Jan 5, 2024	50,000	0.70	Director DSU	July 5, 2025
Jan 5, 2024	50,000	0.70	Director DSU	January 5, 2026
<b>Total</b>	<b>150,000</b>			

## **FOURTH QUARTER 2023 EVENTS**

- On October 12, 2023 the company announced it has filed a technical report presenting the results of a Feasibility Study of the Great Atlantic Salt Project on the west coast of Newfoundland in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects. The report is entitled "Technical Report on the Great Atlantic Salt Project, Newfoundland and Labrador, Canada Report for NI 43-101". The report was prepared by SLR Consulting (Canada) Ltd. and has an effective date of July 31, 2023.
- Purchase of a building in St. George's for office space
- Exercise of 100,000 options during the fourth quarter
- Expiry of 550,000 options during the fourth quarter
- The AGM was held on November 30, 2023 – shareholders approved all resolutions. All individuals nominated for the board of directors were elected, Rick LaBelle, Patrick Laracy, Rowland Howe, Carson Noel, Fraser Edison and Marc Boissonneault. MNP LLP Chartered Accountants were appointed as auditors for 2023. The Company's amended Stock Option Plan and new Equity Incentive Plan were approved. Shareholders also approved the ratification of the grant of certain PSUs and RSUs as set out in the Management Information Circular dated November 3, 2023.
- The RSUs and PSUs were recorded in the financial statements after shareholder approval.
- 72,000 RSUs and 128,000 PSUs were granted effective October 1, 2023 (these were forfeited on December 18, 2023)
- 25,500 RSUs and 49,500 PSUs were granted effective October 6, 2023
- 72,000 RSUs and 128,000 PSUs were granted effective October 10, 2023
- Atlas announced its Core Project Execution Team (Andrew Smith, Shaun McGlade, Doug Harris, Jennifer Harkins, Adam Pranszka, Kyle Tucker and David Robbins) and new CFO, Michael Psihogios.

## **ADDITIONAL INFORMATION**

The consolidated financial statements and all additional corporate disclosure documents relating to the Company are filed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Additional information regarding the Company's projects and activities is available on the Company's website at [www.atlassalt.com](http://www.atlassalt.com).