DEMESNE RESOURCES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended March 31, 2024

The following management's discussion and analysis ("MD&A") should be read in conjunction with the financial statements and notes thereto for Demesne Resources Ltd. (the Company) for the period ended March 31, 2024 (the "financial statements"). This MD&A was prepared by management of the Company, and was approved by the Board of Directors on May 29, 2024. Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca.

BASIS OF PRESENTATION

This MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A should be read in conjunction with the Annual MD&A, Annual Financial Statements, and Interim Financial Statements. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited interim financial statements have been prepared in accordance with International Accounting Standards, including IAS 34 – Interim Financial Reporting.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

The Board approves the Interim Financial Statements and this MD&A and ensures that the Company's officers have discharged their financial responsibilities. The Board's review is accomplished principally through the audit committee of the Company, which reviews and approves all financial reports prior to filing.

FORWARD-LOOKING INFORMATION

Certain statements contained in this document constitute "forward-looking information". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Company's management, are intended to identify forward-looking information. Such statements reflect the Company's forecasts, estimates and expectations, as they relate to the Company's current views based on their experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward- looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments unless required by law.

CHANGE IN DIRECTORS AND CHIEF EXECUTIVE OFFICER (CEO)

On August 22, 2023, the Company announced that Brennan Direnfeld had resigned as Chief Executive Officer, Corporate Secretary, and Director of the Company effective August 21, 2023. The Company thanks Mr. Direnfeld for his services as a director of the Company and wishes him all the best in his future endeavors. Concurrently, the Company appointed Adam Virani, a director of the Company, to replace Mr. Direnfeld as Chief Executive Officer and Corporate Secretary of the Company and appointed Brandon Kou as a Director to fill the vacancy left by Mr. Direnfeld's resignation.

Mr. Kou was most recently the CEO and a member of the Board of Directors of Leef Brands Inc (formerly Icanic) and responsible for the company's overall strategy and day to day operations both on the operating level as well as overseeing all public company aspects. Prior to Leef Holdings, he was the co-founder and partner of Mavan Capital Partners, an investment firm focused on bringing technology opportunities to the Canadian capital markets. Before his time at Mavan, Mr. Kou was the Co-Founder and General Manager of Steve Nash Enterprises, a conglomerate with portfolio companies in media/entertainment, sports and health/wellness/lifestyle. He was responsible for leading the investment team and originating investment opportunities including Indochino, Sharecare, the Vancouver Whitecaps, Onebode and the Steve Nash Sports Club and Fitness World. In addition to his responsibilities at Steve Nash Enterprises, Mr. Kou served as a Board of Directors proxy for Steve Nash Sports Club and Fitness World, a growing chain fitness clubs in Vancouver co-founded by Mark Mastrov. Mr. Kou has previously served on the Board of Directors for Liquid Nutrition, a healthy QSR that is publicly traded on the Toronto Stock Exchange and on the Board of Directors for OneBode, an international holistic vitamin company as well as an advisor for several companies including RadPad, Work Force Athletics, Genexa and Farafena. Prior to joining Steve Nash Enterprises, Mr. Kou provided investment banking services at Houlihan Lokey where he focused on Media, Sports and Entertainment. Mr. Kou is a graduate of the Marshall School of Business at the University of Southern California and was born and raised in Seal Beach, CA.

OVERALL PERFORMANCE

BUSINESS OF THE COMPANY

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on January 14, 2019. The Company issued 600,000 common shares at a nominal value during 2019. These 600,000 common shares were redeemed for a nominal value ($6) on May 5, 2022.

On September 15, 2021, the Company issued 2,199,996 common shares at a price of $0.005, per common share for gross proceeds of $11,000. On September 16, 2021, the Company issued 3,199,999 common shares at a price of $0,02 per common share for gross proceeds of $64,000. On September 17, 2021, the Company issued for 3,199,999 common shares at a price of $0.05 per common share for gross proceeds of $160,000. The Company recognized share-based compensation of $195,000 related to these common share issuances.

On May 11, 2022, Christopher R. Paul, Michael A. Blady and Oliver J. Friesen (collectively, the "Optionors") entered into a letter agreement with the Company (the "Star Option Agreement") to purchase five contiguous mineral titles covering an area of approximately 4,615.75 hectares located in the Skeena Mining Division, British Columbia, Canada (the "Star Property"). Under the Star Option Agreement, the Company has the option to acquire a 100% interest in the Star Project, subject to a 2% net smelter return ("NSR"). The Company may exercise the option by:

1. spending a total of $1,850,000 on exploration of the Star Property as follows:
   a) $100,000 within 12 months of the date the common shares of the Company are listed on the Canadian Securities Exchange (the "Listing Date");
   b) $250,000 within 24 months of the Listing Date;
   c) $500,000 within 36 months of the Listing Date; and
   d) $1,000,000 within 48 months of the Listing Date.

2. issue 1,650,000 Common Shares to the Optionor as follows:
   a) 450,000 Common Shares or before the Listing Date (issued);
   b) 600,000 Common Shares on or before the 12-month anniversary of the Listing Date; and
   c) 600,000 Common Shares on or before the 24-month anniversary of the Listing Date.

3. make cash payments of $75,000 to the Optionor according to the following schedule:
   a) $6,000 within 5 days of the signing of the Star Option Agreement (paid);
   b) $24,000 on or before the Listing Date (paid); and
   c) $45,000 twelve months after the Listing Date.

Following the exercise of the Option, the Optionor will retain a 2% NSR royalty over the Star Project, provided that the Company may purchase 1/2 of this royalty for $1,000,000 at any time prior to such time when: the concentrator processing ores, for other than testing purposes, has operated for a period of 45 consecutive days at an average rate of not less than 70% of design capacity, or if a concentrator is not erected on the Star Property, when ores have been produced for a period of 45 consecutive production days at a rate of not less than 70% of the mining rate specified in a study and mine plan recommending placing the Star Property in production.

On June 24, 2022, the Company issued 790,000 stock options to officers, directors and consultants. The options vest immediately and have a strike price of $0.10 with a five-year term.

On September 6, 2022, the Company issued 250,000 Common Shares to an officer, at a deemed value of $25,000.

On November 4, 2022, the Company issued 160,000 Common Shares to an officer and a consultant, at a deemed value of $16,000.

On February 8, 2023, the Company announced that it obtained a receipt for its final long form prospectus (the "Final Prospectus") filed with the securities regulatory authorities in Ontario, British Columbia and Alberta, in connection with the Company's proposed initial public offering (the "Offering") of common shares of the Company ("Common Shares"). The Company also announced that it received conditional approval from the Canadian Securities Exchange (the "CSE") to list its Common Shares on the CSE, subject to fulfilling customary CSE requirements to the Canadian Securities Exchange for listing as a public company.

On May 3, 2023, the Company closed its Initial Public Offering ("IPO") and issued 5,000,000 Common Shares at a price of $0.10 per share for proceeds of $500,000. The Company also issued the selling group 500,000 compensation options to acquire 500,000 common shares at a price of $0.10 until May 3, 2026.

On May 23, 2023, the Company issued 450,000 common shares at a fair value of $148,500, as a partial property payment. Also on May 23, 2023, the Company issued 560,000 common shares at a fair value of $56,000, to settle services rendered.

On September 1, 2023, the Company issued 180,000 common shares at a fair value of $18,000, for services rendered.

On October 27, 2023, the Company issued 189,000 common shares at a price of $0.10 per common share to settle consulting services rendered. Also on October 27, 2023, the Company issued 25,000 common shares at a price of $0.10 per common share to settle consulting fees. Also on October 27, 2023, the Company issued 45,000 common shares at a price of $0.10 per common share for consulting fees of the incoming CEO.

The Company trades on the CSE under the symbol DEME.CSE. The Company is currently pursuing a dual listing on the OTCQB, which will allow its shares to trade in the USA.

DISCLOSURE OF OUTSTANDING SHARE DATA

The common shares, warrants and stock options of the Company which were outstanding as at the date of this MD&A, March 31, 2024, and December 31, 2023, were as follows:

	May 29, 2024	March 31, 2024	December 31, 2023
Common Shares	15,458,994	15,458,994	15,458,994
Warrants	500,000	500,000	500,000
Stock Options	790,000	790,000	790,000
Fully diluted	16,748,994	16,748,994	16,748,994

STAR PROPERTY

The Star Property is in the northwest part of British Columbia, Canada, approximately 30km southwest of the city of Prince Rupert on Porcher Island. The Star Property consists of five contiguous mineral titles located on BCGS Map Sheets 103J/01 & 103G/16 covering an area of 4,615.75 hectares. A total of ten crown granted mineral claims are located along the eastern Star Property boundary including DL 6347 – DL 6356 (Claim name Star No. 1 – Star No. 10) which reverted to the crown in 1992 and 1993. The details of the claims comprising the Star Property indicate that the mineral title is 100% registered in the name Christopher Paul who holds the claims in trust for the Optionor.

To advance the Star Property additional work is recommended to properly assess the economic potential of the Star Property. This exploration should be focused on the extreme magnetic highs located along a roughly 4.5 km of discontinuous strike length near the northeastern shores of Porcher Island. These occurrences occur on tidewater.

A Phase I exploration program ("Phase I") should be focused on further expanding on the exploration success at the Star showing, as well as preliminary follow up of additional magnetic high features identified in the 2019 survey. Detailed geological mapping is warranted and should be focused on identifying all magnetite rich outcrops within the >4.5 km of strike length associated with the Star showings. Due to thick vegetative cover over most of the area, stripping and cleaning up across slightly resistive exposures of rock coincident with magnetic highs is recommended. Concurrently, a ground-based high-resolution magnetometer should be completed, focusing on the geological contact between the massive to semi-massive magnetite with the surrounding metavolcanics and metasedimentary rocks. Lines should be oriented perpendicular to the strike of the Star Property showings and would provide additional information about buried magnetite rich outcrops. The budget for this Phase I is estimated to be $107,000, of which $7,000 has been spent. This is based on a program of detailed geological mapping and prospecting, including a high-resolution ground-based magnetometer survey over the Star showing.

In July 2023, the Company started exploration work on the Star Property. The Phase I program is expected to take up to 12 months.

A Phase II program is planned, including 800m of drilling. However, Phase II is contingent on the success of Phase I. It is anticipated that Phase II would comprise trenching and channel sampling over the Star showings, as well as any other satellite targets identified from the first phase of work. This work would aid in identifying the greatest surface exposures of magnetite mineralization and would be a precursor to a core drilling program which should be carried out to identify the depth extent of the Star showings. Six holes drilled from three drill sites targeting the most prospective areas identified by the trenching and channel sampling should be completed. Each drill location should include a two-hole fan drilled at 45˚ and 70˚ towards the Star magnetite outcrops could reasonably test these targets. Permitting is necessary prior to commencement of any trenching or drilling. This Phase II program, which is contingent on the results from the Phase I program, is estimated to cost $275,000.

During the month of July 2023, the Company engaged an independent geological service provider to complete an initial exploration project on the property. The team completed a mixture of grab and chip sampling on the Star Property, with results pending. Also in July, the Company engaged a helicopter to assist with an aeromagnetic survey of the area.

SELECTED ANNUAL FINANCIAL HIGHLIGHTS

The financial results of the Company for the years ended December 31, 2023, 2022 and 2021 are summarized as follows:

For the years ended December 31 (in Canadian $ thousands except for per share amounts)	2023	2022	2021
Total Revenue	$ -	$ -	$ -
Operating Expenses	626,914	230,357	225,022
Net Loss	(626,914)	(230,357)	(225,022)
Loss per Share-Basic	$ 0.05	$ 0.03	$ 0.07
Loss per Share-Diluted	$ 0.05	$ 0.03	$ 0.07
Weighted average shares outstanding	13,017,761	8,896,697	3,094,793
Total Assets	$132,585	$182,220	$234,978
Total Current Liabilities	$66,562	$106,792	$ 30,000
Shares outstanding	15,458,994	9,009,994	9,199,994

Selected Quarterly Financial Information

The following quarterly results for the eight most recent quarters have been prepared in accordance with IFRS as listed below.

Three Months Ended	Assets	Liabilities	Net (Loss)	Gain (Loss) Per Share	Weighted Average Shares Outstanding
March 31, 2024	$ 90,062	$ 87,746	$ (63,707)	$ (0.00)	15,458,994
December 31, 2023	132,585	66,562	(185,849)	(0.01)	15,382,983
September 30, 2023	218,900	96,428	(149,629)	(0.01)	15,076,733
June 30, 2023	296,562	42,461	(263,604)	(0.02)	12,508,675
March 31, 2023	172,730	125,134	(27,832)	(0.00)	9,009,994
December 31, 2022	182,220	106,792	(35,450)	(0.00)	8,950,214
September 30, 2022	186,079	91,201	(91,993)	(0.01)	8,665,211
June 30, 2022	216,429	54,558	(88,866)	(0.01)	8,830,763
March 31, 2022	197,931	32,327	(14,048)	(0.00)	9,199,994

DISCUSSION OF OPERATIONS

Three Months Ended March 31, 2024

During the three months ended March 31, 2024, the Company had a net loss of $63,707 ($0.00 per share) as compared to a loss of $27,832 ($0.00 per share) in the three months ended March 31, 2023. The Q1 2024 loss is mostly comprised of $58,844 of professional fees related to accounting and auditing, public company fees and legal fees. The CEO of the Company charged a management fee of $15,000 in Q1 2023, which was included in professional fees.

During the three months ended March 31, 2023, the loss is mostly comprised of professional fees related to the IPO and the preparation of filing materials.

The Company continues to assess early exploration results to determine a path forward.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2024, the Company had cash of $74,088 and a net working capital of $2,316. The Company had amounts and accrued payables of $87,746 at March 31, 2024.

At this time the Company does not have sufficient resources to carry out and complete its operations over the next 12 months. The Company will need to return to capital markets for additional resources, to complete additional exploration phases and administrative expenses.

The Company expects to continue to raise cash in future private placements to fund its expansion and fund future operations until it can become self-sufficient.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2024, and up to the date of this MD&A, the Company had no off-balance sheet arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers, as follows:

- During the period –Adam Virani, and Dhanbir Jaswal.
- Period to June 23, 2022 – Sepehr Radjpoust.
- Period from June 23, 2022 – John Ross.
- Period to August 21, 2023 – Brennan Direnfeld.
- Period from August 21, 2023 – Brandon Kou.

During the three-month periods ended March 31, 2024 and 2023, related parties charge the following fees:

Three-month periods ended 31,	2024	2023
CEO - outgoing	$ -	$ 15,000
CEO - incoming	-	-
CFO	750	750
Other officers and directors	3,000	3,000
Share-based compensation	4,500	-
	$ 8,250	$ 18,750

As at March 31, 2024, included in accounts and accrued payables was $19,000 (December 31, 2023 - $11,250) owing to related parties. These amounts are non-interest bearing and have no set repayment terms.

PROPOSED TRANSACTIONS

As at March 31, 2024 , and up to the date of this MD&A, there were no proposed transactions of the Company, other than as disclosed herein.

CRITICAL ACCOUNTING ESTIMATES & CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Critical accounting estimates are explained in Note 3 of the financial statements.

Notes to the financial statements of the Company for the period ended March 31, 2024 are available on SEDAR+ at www.sedarplus.ca.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and accounts and accrued payables. The fair value of these financial instruments approximates their carrying values, unless otherwise noted. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from financial instruments.

RISKS AND UNCERTAINTIES

Current Global Financial Conditions and Trends

Securities of small capitalization companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments globally, and market perceptions of the attractiveness of particular industries. The price of the securities of companies is also significantly affected by short-term changes in the economic and political environments in the countries in which the Company does business. As of May 29, 2024, the global economy continues to be in a period of significant economic volatility and inflation, in large part due to US, European, and Middle East economic and political concerns which have impacted global economic growth.

Dependence on Key Individuals

The Company's business and operations are dependent on retaining the services of a small number of key individuals. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these individuals. The loss of one or more of these individuals could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key individuals.

Capital Management

The Company considers its capital to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board does not establish quantitative return on capital criteria for Management, but rather relies on the expertise of the Company's Management to sustain future development of the business.

The Company currently is dependent on external financing to fund its activities. In order to carry out future activities and pay on-going administrative costs, the Company will raise additional amounts as needed. The Company will continue to assess new business opportunities if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management in the period ended March 31, 2024. On August 21, 2023, the Company changed its CEO. This change did not affect the Company's approach to capital management.

The Company is not currently subject to externally imposed capital requirements.