# Enerev5 Metals Inc.

## MANAGEMENT DISCUSSION AND ANALYSIS
### For the three months ended August 31, 2022

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Enerev5 Metals Inc. ("Enerev5" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended August 31, 2022. This MD&A was written to comply with the requirements of National Instrument 51- 102 – Continuous Disclosure Obligations. This discussion dated October 31, 2022 should be read in conjunction with the Company's condensed consolidated interim financial statements for the three months ended August 31, 2022 and the audited annual consolidated financial statements for the fiscal years ended May 31, 2022 and 2021, together with the notes thereto. Results are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company trades on the TSX Venture Exchange under the symbol "ENEV" and the OTCQB under the symbol ENEVF. Further information about the Company and its operations can be obtained from the offices of the Company or from the Company's filings on www.sedar.com.

**EXECUTIVE SUMMARY**

Enerev5 is a resource company which has been focused on critical battery metals from global sources for mobile devices, electric vehicles and renewable grid energy storage. The company name-change to Enerev5 Metals Inc. was effected on November 9, 2021, to better reflect the range of projects of interest to the Company.

The Company's strategic interest is in energy metals, in particular cobalt, copper, and other battery metals, in view of the anticipated increasing need driven by growth in the electronic device and electric vehicle industries. Included in other battery metals are lithium, nickel, graphite, aluminum, manganese, and zinc. Notwithstanding, the Company would consider other serious projects which present themselves.

**CORPORATE DEVELOPMENTS**

On September 1, 2022, the Board appointed Mr. John F. O'Donnell, a member of the board of directors, as Chairman and interim Chief Executive Officer, replacing Mr. Peter Copetti who resigned following the expiration of his two-year management contract. Mr. Copetti's was appointed in August 2020 when the Board of Directors implemented a board and management reorganization which included the appointment of Mr. Peter Copetti as Executive Chairman and Chief Executive Officer.

On October 11, 2022, the board appointed Mr. Errol Farr appointed CFO and Corporate Secretary.

In November 2021, the Company appointed Mr. Michael C. Newbury, an independent consultant, as its new technical qualified person ("QP"). For more details, see the news release dated November 9, 2021.

**CAPITAL STOCK AND FINANCING**

On December 9, 2021, the Company entered into an unsecured loan agreement for an amount of $87,500 for a period of one year. Interest of 10% per annum is payable on the loan in arrears. The loan may be repaid in part or in full at any time without penalty to the Company.

In March 2022, the Company announced a brokered private placement of up to $500,000 of units at $0.05 per unit, with each unit consisting of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.10 for a period of two years from the date of issue. On March 7, 2022, the Company completed a first tranche of the placement with the issue and sale of 3,000,000 units for gross proceeds of $150,000. The Company paid the Agent a cash fee of $13,500 and issued to the Agent 300,000 non-transferable Broker Warrants, each Broker Warrant entitles the holder to acquire one unit of the Company at the same terms as those issued under the first tranche. On April 26, 2022, the Company completed a second tranche of 750,000 units under the same terms for gross proceeds of $37,500. No broker costs were incurred.
On May 30, 2022, the Company completed a third tranche of 560,000 units under the same terms for gross proceeds of $28,000. The Company paid the Agent a cash fee of $2,520 and issued to the Agent 56,000 non-transferable Broker Warrants, each Broker Warrant entitles the holder to acquire one unit of the Company at the same terms as those issued under the first tranche. On July 7, 2022, the Company completed a fourth and final tranche of 725,600 units under the same terms for gross proceeds of $36,280. The Company paid the Agent a cash fee of $3,265 and issued to the Agent 72,560 non-transferable Broker Warrants, each Broker Warrant entitles the holder to acquire one unit of the Company at the same terms as those issued under the first tranche.

In August 2022, the Company announced a brokered private placement of up to $250,000 of units at $0.05 per unit, with each unit consisting of one common share and once common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.10 for a period of two years from the date of issue. On August 4, 2022, the Company completed a first tranche of the placement with the issue and sale of 1,600,000 units for gross proceeds of $80,000. The Company paid the Agent a cash fee of $7,200 and issued to the Agent 160,000 non-transferable Broker Warrants, each Broker Warrant entitles the holder to acquire one unit of the Company at the same terms as those issued under the first tranche.

In September 2022, the Company announced a new brokered private placement of up to $500,000 of units at $0.05 per unit, with each unit consisting of one common share and once common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.05 for a period of five years from the date of issue. On September 23, 2022, the Company completed a first tranche of the placement with the issue and sale of 2,100,000 units for gross proceeds of $105,000. The Company paid the Agent a cash fee of $9,450 and issued to the Agent 210,000 non-transferable Broker Warrants, each Broker Warrant entitles the holder to acquire one unit of the Company at the same terms as those issued under the first tranche.

## OPERATIONS

The Company announced that it has acquired through staking by arm’s length stakers of 447 mining claims (the “New Claims”) comprising approximately 24,000 ha in the Province of Quebec. In addition to the New Claims, the Company continues to pursue the active acquisition by staking and negotiation of other mining claims. The total cost to have the New Claims staked for and on behalf of the Company was $2,000 staking costs and $32,731 government claims costs. There are no other payments or royalties.

The New Claims were acquired in keeping with the Company’s focus on exploration and development potential related to energy metals such as nickel, copper, cobalt and other strategic battery minerals, and the Company’s increasing focus is on projects in mining friendly and politically stable jurisdictions.
The Company believes the acquisition of the New Claims is an “Exempt Transaction” within the meaning of the TSX Venture Exchange (“TSXV”) Policies, meaning that the acquisition can be conducted without TSXV acceptance or review and requires no filing with the TSXV.

The Company entered into a joint venture agreement in 2018 to commercialize Mintrax, an enterprise-grade blockchain platform providing secure and transparent methods for tracking the provenance of metals and minerals through the entire mining supply chain from source to end user. The system did not advance beyond proof of concept, and no commercialisation event occurred. With significant additional investment still required to bring the system to a fully functional implementation, the Company and DLT terminated the joint venture in February 2022.

## EXPLORATION AND EVALUATION COSTS

All costs related to the exploration and evaluation of mineral resources are expensed (net of grants received) as exploration and evaluation ("E&E) costs. The policy is to expense all such expenditures until they are proven recoverable. Once a project has been established as commercially viable and technically feasible, all development costs will be capitalized. If the project is brought into production, these costs will be amortized against the income generated from the property. No E&E expenditures were incurred during the three months ended August 31, 2022 and the year ended May 31, 2022.

## GENERAL AND ADMINISTRATIVE EXPENES

| For the three months ended August 31 | **2022**<br>**$** | 2021<br>$ |
|---|---|---|
| Consulting, management and directors' fees | **137,750** | 163,000 |
| Professional fees (legal & audit) | **20,073** | 15,416 |
| Office and general | **20,606** | 17,848 |
| Rent | **5,430** | 9,011 |
| | **183,859** | 205,275 |

Since August 2020 a significant amount of historic debt has been eliminated through settlement agreements favourable to the Company. Corporate and administration expenses have been minimized in line with corporate activity, and measures were implemented to eliminate overhead expenditures to conserve cash. Director fees were introduced with effect from January of 2021; thus, the comparable year is significantly lower than current full year. With effect from May 2022, directors agreed to defer part-payment of salaries and fees in the coming months until the cash position improves.

## SUMMARY OF QUARTERLY RESULTS

For the eight most recent quarters:

| | **August 31 2022**<br>**$** | **May 31 2022**<br>**$** | **February 28 2022**<br>**$** | **November 30 2021**<br>**$** |
|---|---|---|---|---|
| Net income (loss) for the period | (205,871) | (208,930) | (244,667) | (271,838) |
| Net income (loss) per share (basic and diluted) | (0.01) | (0.03) | (0.00) | (0.00) |

| | **August 31 2021**<br>**$** | **May 31 2021**<br>**$** | **February 28 2021**<br>**$** | **November 30 2020**<br>**$** |
|---|---|---|---|---|
| Net income (loss) for the period | 148,945 | (259,088) | (394,245) | (746,494) |
| Net income (loss) per share (basic and diluted) | 0.00 | (0.00) | (0.00) | (0.00) |

## DEBT SETTLEMENTS

During the year ended May 31, 2022, the Company entered into debt settlement agreements with related parties and other creditors covering total debt of $502,106. Related party debt of $220,059 settled by cash payments totaling $100,316 created a gain on settlement of $119,743, and debt due to third parties totaling $282,047 was settled through cash payments of $52,500 for a gain of $229,547. During the year ended May 31, 2021, the Company entered into debt settlement agreements with related parties and other creditors covering total debt of $1,870,202. Related party debt of $1,480,983 to be settled by cash payments totaling $144,128 created a gain on settlement of $1,336,855, and debt due to third parties totaling $389,219 was settled through cash payments of $37,812 and the issuance of 650,000 shares with a fair value of $77,500 for a gain of $273,907.

In September 2022, unpaid remuneration owing to an officer and director was settled by agreement for the Company to pay a sum of $25,000, and the surrender of 6,700,000 options by the officer.
The Company balance sheet has been significantly improved as a result of these settlements.

**LIQUIDITY**

The Company's operations to date been funded primarily through the issuance of common shares and, from time to time, through short-term loans. The Company anticipates that it will continue to be able to utilize equity financing until it develops cash flow from operations, but there is no certainty that the Company may be successful in this regard. Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events, or uncertainties that may result in its liquidity either materially increasing or decreasing in the foreseeable future. Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of its projects as well as its continued ability to raise capital.

As discussed in the Capital Stock and Financing section (page 2 above), the Company raised gross proceeds of $215,500 in a series of four tranches under a private placement announced in March 2022. On August 4, 2022, the Company raised gross proceeds of $80,000 as a first tranche of a proposed $250,000 brokered private placement. On September 26, 2022, the Company raised gross proceeds of $105,000 as a first tranche of a proposed new $500,000 brokered private placement.

Cash as at August 31, 2022 was $12,227 (May 31, 2022 - $27,617). The Company has a lease liability in respect of office premises totaling $26,526, of which $Nil (May 31, 2022 - $36,115) is long-term. Accounts payable, accrued liabilities and short-term loans as at August 31, 2022, were $217,026 (May 31, 2021 - $162,227).

At present, the Company's operations are not generating cash flow and the ability to raise the capital resources to undertake its objectives is dependent upon the venture capital market. Actual funding requirements may vary from those planned due to a number of factors, including the progress of identifying suitable projects. Management believes it will be able to raise equity capital as required but recognizes there will be risks involved that may be beyond their control. The Company will adjust its activities according to available funding. To continue operations, the Company requires additional funding in the short term.

**CAPITAL RESOURCES**

In the past the Company has relied on the issuance of common shares, advances from related parties, short term loans and promissory notes to fund working capital. The Company is actively seeking capital to fund corporate administrative activities and new projects. Under a private placement to raise up to $500,000 announced in March 2022, the Company closed a total of $215,500 gross. The Company announced a further private placement of up to $250,000 in August 2022 and closed a first tranche of $80,000. On September 26, 2022, the Company closed a first tranche of $105,000 under a new private placement of up to $500,000.

As at August 31, 2022 the Company's share capital was $29,219,893 (May 31, 2022: $29,128,772) representing 228,232,718 common shares issued and outstanding, without par value. The Company will require additional financing as noted in the liquidity section above.

In August 2022, 6,700,000 options were surrendered and the exercise period of 2,500,000 options was brought forward from September 21, 2025 to August 31, 2023.

## OUTSTANDING SHARE DATA

As at October 31, 2022:

| | |
|---|---|
| Common shares issued and outstanding: | 230,332,718 |
| Warrants | 12,923,322 |
| Options | 5,000,000 |
| Fully diluted | 248,256,040 |

## CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

On August 17, 2020, the Company entered into an agreement with 1765251 Ontario Inc. to provide the services of Philip Gibbs as its Chief Financial Officer for a fee of $10,000 per month. The Company may terminate the agreement by giving 90 days written notice of termination. On September 30, 2022, Mr. Gibbs resigned as Chief Financial Officer and release the Company from further obligation.

As announced on April 28, 2021, the Company received correspondence on behalf of a former independent contractor claiming entitlement to payment of alleged outstanding “salary” and expenses of US$329,000, 300,000 common shares of the Company, and payment in respect of the termination of services. The Company considers the claims to be without merit. No amounts have been recognized in the financial statements related to this matter.

## RELATED PARTY TRANSACTIONS

**Compensation of key management and directors**
Key management compensation expense includes the Chief Executive Officer, the Executive Vice-President, the Chief Financial Officer.

| For the three months ended August 31 | **2022**<br>**$** | 2021<br>$ |
|---|---|---|
| Management fees to CEO | **92,500** | 75,000 |
| Management fees to Hooper Mining Services, a company controlled by a director and officer | **-** | 33,000 |
| Accounting fees to 1765271 Ontario Inc., a company controlled by an officer | **30,000** | 30,000 |
| Directors fees paid or accrued | **20,250** | 19,749 |
| | **142,750** | 157,749 |

Included in accounts payable and accrued liabilities are amounts due to related parties. The total amount due to related parties as of August 31, 2022, was $28,250 (May 31, 2022 - $31,000).

## RISKS AND UNCERTAINTIES

Given the Company's current status as an exploration stage company, there are numerous risk factors that could affect the Company’s business prospects and future performance and are detailed in the audited consolidated financial statements and management’s discussion and analysis for the year ended May 31, 2022. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also affect the Company’s business prospects and future performance.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at August 31, 2022, or as of the date of this report.

## MANAGEMENT’S EVALUATION OF DISCLOSURE CONTROLS

Management is responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company is made known to the Company’s certifying officers. The Company’s Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Company’s disclosure controls and procedures as at August 31, 2022 and have concluded that these controls and procedures are effective.

## INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with IFRS. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed as at August 31, 2022.

## CAUTIONARY NOTES AND FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking information and statements within the meaning of applicable securities laws and may include future-oriented financial information. All information other than matters of historical fact may be forward-looking information. In some cases, forward-looking information can be identified by the use of words such as “seek”, “expect”, “anticipate”, “budget”, “plan”, “estimate”, “continue”, “forecast”, “intend”, “believe”, “understand”, “predict”, “potential”, “target”, “may”, “could”, “would”, “might”, “will”, “ongoing”, “outlook”, “pending”, “opportunity” and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information is not, and cannot be, a guarantee of future results or events. All forward-looking statements are inherently uncertain and subject to a variety of assumptions, risks and uncertainties, including risks, uncertainties and assumptions related to: the Company’s ability to achieve stated goals; the estimated costs associated with the advancement of the Projects, which could have a material adverse impact on many aspects of the Company's business including but not limited to: the Company’s ability to access properties for indeterminate amounts of time, the health of its employees or consultants resulting in delays or diminished capacity, social or political instability in jurisdictions of interest to the Company which may result in the reduced availability or failures of various local administration and critical infrastructure, reduced demand for the Company’s potential products, availability of materials, global travel restrictions, and the availability of insurance and the associated costs; risks related to the certainty of title to properties; risks related to commodity price and foreign exchange rate fluctuations; risks related to foreign operations; the cyclical nature of the industry in which we operate; risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals; risks related to environmental regulation and liability; political and regulatory risks associated with mining and exploration; risks related to the uncertain global economic environment and the effects upon the global market generally, and geopolitical risks arising out of the current conflict in Ukraine, any of which could continue to negatively affect global financial markets, including the trading price of the Company's shares and could negatively affect the Company's ability to raise capital and may also result in additional and unknown risks or liabilities to the Company. Actual results may differ materially from those projected in the forward-looking statements and the Company cautions against placing undue reliance thereon. Except as required by applicable securities legislation, neither the Company nor its management assume any obligation to revise or update these forward-looking statements.