

# **E**quity Metals Corporation

## **MANAGEMENT DISCUSSION & ANALYSIS**

**For the Three Months Ended**

**November 30, 2020 and 2019**

## **Introduction**

The following management's discussion and analysis ("MD&A") of the operations, results, and financial position of Equity Metals Corporation (the "Company" or "Equity Metals") should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended November 30, 2020 and the audited consolidated financial statements for the year ended August 31, 2020 and the notes thereto.

The unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and include the operating results of the Company. Unless expressly stated otherwise, all financial information is presented in Canadian dollars. This information is current to January 27, 2021.

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## **Business Description and Change in Management**

Equity Metals has continued its efforts to date with a sole business objective to identify, evaluate and explore mineral properties having high potential for the discovery of economic mineral deposits. The Company is a publicly traded company without any substantive operations, and thus, has realized no significant mining revenues to date. Equity Metals has a year end of August 31<sup>st</sup> and was incorporated on April 7, 1964 under the Company Act of British Columbia. On September 12, 2019, the Company changed its name from New Nadina Explorations Limited to Equity Metals Corporation and changed its stock symbol to "EQTY" from "NNA".

The Company is principally engaged in the acquisition, exploration and development of metal and diamond properties in British Columbia, Saskatchewan, and Northwest Territories, and accordingly has no revenue from any of its properties to date. The Company's common shares trade on the TSX Venture Exchange under the trading symbol "EQTY" and, on June 17, 2020, the Company's common shares commenced trading on the OTCQB Venture Marketplace in the U.S. under the trading symbol "EQMEF". The Company is extra-provincially registered in the Province of Saskatchewan and extra-territorially registered in the Northwest Territories.

## **Forward-Looking Information**

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company as of the reporting period under this disclosure. When used in this document, the words "anticipate", "believe", "estimate", "expect", "significant" and similar expressions, as they relate to the Company or its management are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated costs and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievement of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

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**Mineral Project Activity**

**Silver Queen Property – Central British Columbia (100%)**

The Company owns a 100% interest in 17 crown-granted titles, comprised of two surface and undersurface titles (40.47 ha) and 15 undersurface only titles, and 45 tenure claims covering 18,852 hectares in the Omineca Mining Division, near Owen Lake, British Columbia. The Silver Queen property is a past-producing Au/Ag/Zn epithermal vein system that currently has a significant high-grade resource on four of the more extensively drilled veins. Importantly, much of the well-drilled shallow mineralization is open to depth. The Company received approval in May 2020 from the Ministry of Mines for its multi-year Notice of Work (“NOW”) for the property. The five-year plan includes drilling from up to 50 surface sites and the construction of up to 6 kilometres of additional exploration trails. The focus of the upcoming work program remains the resource expansion in the vein deposits.

The Silver Queen property is within the Wet’suwet’en land claim, and they are included in the Notice of Work and permitting consultation process. The Company uses First Nations’ employees and contractors in all activities where appropriate and First Nation involvement is encouraged.

On August 29, 2019, the Company filed on SEDAR a National Instruments 43-101 (“NI 43-101”) compliant Technical Report entitled "Initial Mineral Resource Estimate and Technical Report on the Number 3 Vein, Silver Queen Property, Omineca Mining District, British Columbia, Canada", which was prepared by P&E Mining Consultants.

In addition to the size and quality of the current Mineral Resource Estimate and the now-enhanced exploration potential, the property has several other important attractive features, including: a) the property is wholly owned by the Company with no underlying option payments and no royalty burdens; b) logistics are excellent with good road access from the town of Houston, B.C., a small camp exists on site, topography being moderate, and location in a snow shadow; c) abundant mining activity occurs in the region; and d) power and water are available, while access issues to portions of the property are being addressed.

The Company’s Phase I drilling program began in August 2020 and included 10 holes to test three known high-grade zones with the goal of verifying certain resource blocks and to evaluate potential additional resource blocks indicated by historic drilling. Five core holes totaling 864.8 metres were drilled to test the Camp Vein system and five core holes totaling 2,178.9 metres were drilled to test the No. 3 Vein system. Drilling results from these holes returned positive results while the step-out drilling from the Camp Vein intersected bonanza-grade silver mineralization. The Company commenced and completed its Phase II drilling program on the property in December 2020, targeting 8 drill holes and totaling 1,948 metres, testing the high-grade mineralization in the Camp Vein. In January 2021, the Company announced results of high-grade gold intercepts from two verification drill holes that tested the existing block model for the No. 3 Vein. Assay results from a third hole confirmed the downdip projection of the No. 3 Vein, opening an entirely new section of the No. 3 Vein to be tested beneath the current mineral resource. These results are from the first three of five holes that tested the No. 3 Vein during the Company's 2020 Phase I drill program, additional assay results are pending (NR January 20, 2021).

The Company will also commence its Phase III drill program totaling ~4,000 metres to target the No. 3 Vein in late January – March 2021, which will test exploration targets down dip and along strike from known historic higher-grade results and our own earlier Phase I drilling results. The goal is to ultimately increase the high-grade vein resource to +1.5million ounces of gold-equivalent.

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Further information on the Silver Queen project, resource updates and related news releases are available on the Company's website at <https://equitymetalscorporation.com/>.

**Monument Diamond Property - Lac de Gras, Northwest Territories (57.49%)**

The Company holds a 57.49% working interest and is operator of the Monument Diamond Project, in the Mackenzie District Mining Division, NWT, a property comprising 3 mining leases and 2 staked claims covering, in aggregate, approximately 3,581 ha and located about 40km from both the Diavik and Ekati diamond mines and some 300 km north of Yellowknife. The property hosts 12 different diamond-bearing kimberlites with a total of 2,437 microdiamonds recovered from past drilling; the largest discovered to date being 0.445 carats. Carbon has been identified in some of the kimberlite pipes on the property, indicating a near surface, eruptive level of the kimberlite pipe.

The property is subject to 2% gross overriding royalty, a portion of which is held by the Company. Equity Metals is the operator of the joint venture where two parties hold the remaining 42.51%. The Company has a five-year Type "A" Land Use Permit from the Wek'èzhìi Land and Water Board, which expires September 1, 2024. The partners have posted the increased cash bond to cover additional reclamation costs, which were incurred in Q3 2020 for minor remediation. Although the diamond market currently is very soft, experts note that several mines are expected to be depleted over the next several years; thus, Monument is considered to be a valuable asset that does not need to be aggressively pursued at this time.

**WO Diamond Property – operated by DeBeers Canada Inc.**

Equity Metals owns a 43.37% interest in DHK Diamonds Inc. ("DHK") a private company incorporated and registered in the Northwest Territories. The Company, through its ownership of DHK, holds a minority interest in the WO Diamond property, a property comprising eight leases and approximately 5,816 ha, which immediately adjoins the Diavik Diamond Mine claims, some 300 km north of Yellowknife. The WO Diamond property is a joint venture ownership consisting of DeBeers Canada Inc. ("De Beers") (72.13%), Archon Minerals Limited (17.57%) and DHK Diamonds Inc. (10.30%), with DeBeers being the project operator.

DHK has not recently contributed to the joint venture and has accepted dilution. DHK as of November 30, 2020 has a 10.3013% (2019 - 10.3013%) contributing interest in the WO Diamond property. Should DHK reduce to less than a 4% participating interest, the joint venture interest will revert to a 0.25% Gross Overriding Royalty.

An encouraging 2007 bulk sample produced individual rough diamonds up to 9.45 carats. DHK has not received proposed work plans for 2020 from DeBeers.

**Greenwood Royalty**

Equity Metals (formerly New Nadina) sold its interest in a large group of claims in the Greenwood district in B.C. to Golden Dawn Minerals Inc in 2017 for shares and a retained royalty. The shares were subsequently sold, but the Company retains the 1% NSR royalty on this past-producing precious- and base-metal property. Golden Dawn has the right to purchase half of the royalty from the Company for \$1.0 million in the first 5 years and for \$1.2 million in the following 5 years. Equity's royalty claims include the Phoenix open pit mine, where Golden Dawn's website reports that approximately 25.5 million tons were produced at an average grade of 0.9% copper and 1.1g/t gold between 1959 and 1976. Additional production of approximately 1.7 million tons were reported from other mines on the royalty claims. Golden Dawn holds a land package immediately to the south of the royalty claims that includes the Greenwood metal-processing mill and has announced plans to re-open the mill with feed from mines on its property and

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potentially from toll mill-feed from others. It reports that it intends to explore the Company's royalty ground for additional mill feed. The Company is evaluating the potential value of this royalty to Equity.

**Saskatchewan Silica Sand Lease (100%)**

The Company owns a 100% interest in this property. The silica Quarrying Mineral Lease covers an area of 54 acres and its term was recently extended until December 2024. The cost to extend the lease was \$306. Although silica has many industrial uses, in most cases the value is strongly influenced by shipping costs to a specific market; further evaluation is necessary to determine potential value to the Company. To date, no income has been received from the lease.

**Qualified Person**

Robert Macdonald, MSc. P.Geo, is VP Exploration of Equity Metals and a Qualified Person as defined by National Instrument 43-101. He is responsible for the supervision of the exploration on the Silver Queen project and has reviewed the technical information in this MD&A.

**Exploration and Evaluation Expenditures**

Exploration and evaluation expenditures incurred for the three months ended November 30, 2020 and 2019 were as follows:

	Saskatchewan property		Silver Queen property		Monument Diamond property		DHK Diamonds properties		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assay analysis	-	-	26,572	-	-	-	-	-	26,572	-
Camp preparation	-	-	31,704	405	-	-	-	-	31,704	405
Depreciation	-	-	3,482	5,318	-	-	-	-	3,482	5,318
Drilling	-	-	335,856	-	-	-	-	-	335,856	-
General exploration	-	-	63,312	11,033	-	523	-	-	63,312	11,556
Geology	399	-	272,845	38,746	1,009	6,513	-	-	274,253	45,258
Property, assessment/ taxes	209	306	187	-	-	-	-	-	396	306
	<b>608</b>	306	<b>733,958</b>	55,501	<b>1,009</b>	7,036	-	-	<b>735,575</b>	62,843
Less: Recoveries from JV participants	-	-	-	-	-	(29,561)	-	-	-	(29,561)
	<b>608</b>	306	<b>733,958</b>	55,501	<b>1,009</b>	(22,525)	-	-	<b>735,575</b>	33,282

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**Results of Operations:**

*Three months ended November 30, 2020*

During the three months ended November 30, 2020, the Company reported a net loss of \$916,319 or \$0.02 loss per share (2019- \$253,910 or \$0.01 loss per share).

<b>For the periods ended</b>	<b>Nov 30, 2020</b>	<b>Nov 30, 2019</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation expenses, net of recoveries	<b>(735,575)</b>	(33,282)
Administration expenses	<b>(181,052)</b>	(219,570)
Foreign exchange gain/(loss)	<b>308</b>	(1,058)
<b>Net loss and total comprehensive loss for the period</b>	<b>(916,319)</b>	(253,910)

The total comprehensive loss for the three months ended November 30, 2020 increased compared to the comparable period in the prior year mainly due to the increase in the Company's exploration activity. The increase in cash reserves during the year, arising from the closing of private placements subsequent to the quarter end, enabling the Company to focus on and progress its exploration program on the Company's key asset, the Silver Queen property. Administrative expenses compared to the same period in 2019 decreased as more one-off and transitional expenses were incurred in the three months ended November 30, 2019 relating to the change in management of the Company and dealing with regulatory and other matters during that period.

The most significant expenses, during the three months ended November 30, 2020, with respect to the exploration and evaluation expenses relate to drilling costs of \$335,856 (2019 - \$nil), geology costs of \$274,253 (2019 - \$45,258), general exploration expense of \$63,312 (2019 - \$11,556), camp preparation costs of \$31,704 (2019 - \$405) and assay analysis costs of \$26,572 (2019 - \$nil). During the three months ended November 30, 2020 the Company did not recover any exploration and evaluation expenses (2019 - \$29,561).

The significant categories in administration expenses for the three months ended November 30, 2020 includes legal, audit and accounting costs of \$43,323 (2019- \$71,769); office rent and building expenses \$15,000 (2019 - \$15,000); non-cash share-based compensation of \$19,929 (2019- \$nil) and travel and promotion costs of \$73,595 (2019 - \$37,535). Legal, audit and accounting costs have decreased compared to prior year due to regulatory and legal matters and one-off reorganization costs relating to the Company's change of management that were incurred in the three months ended November 30, 2019. Travel and promotion costs increased in the three months ended November 30, 2020 compared with the same period in 2019 arising from the Company's expansion of its exploration program and communication with shareholders and the market. In addition, during the three months ended November 30, 2019 the Company incurred consulting fees \$51,900 which were not incurred for the three months ended November 30, 2020.

**Quarterly Information**

The following table sets forth selected financial information from the Company's unaudited quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being the three months ended November 30, 2020. No cash dividends were declared in any of the reported periods.

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	<b>Nov 30, 2020</b>	<b>Aug 31, 2020</b>	<b>May 31, 2020</b>	<b>Feb 29, 2020</b>
<b>Three months ended</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total revenues	nil	nil	nil	nil
Net income (loss)	(916,319)	(386,562)	(106,867)	(385,492)
Net income (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)

	<b>Nov 30, 2019</b>	<b>Aug 31, 2019</b>	<b>May 31, 2019</b>	<b>Feb 28, 2019</b>
<b>Three months ended</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total revenues	nil	nil	nil	nil
Net income (loss)	(253,910)	(148,817)	(221,764)	(168,902)
Net income (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)

The changes in quarterly net income (loss) from fiscal 2019 to fiscal 2020 is primarily driven by the increase in the Company's exploration activity and administrative activity supporting the advancement of the Company's operations during fiscal 2020 and into the first quarter of fiscal 2021.

**Financing**

**Three months Ended November 30, 2020**

During the three months ended November 30, 2020, 2,233,500 warrants were exercised resulting in cash proceeds of \$268,020.

**Three months Ended November 30, 2019**

During the three months ended November 30, 2019, the Company did not complete any equity or debt financings.

On October 22, 2019, the Company closed the first tranche of a private placement issuing 8,922,500 units at \$0.08 per unit for gross proceeds of \$713,800. Each unit consists of one common share and one share purchase warrant. Each share warrant entitles the holder to purchase one common share at an exercise price of \$0.12 per share for a period of 3 years. In addition, the Company incurred finders' fees of \$15,680 and issued 140,000 finders' warrants, exercisable at a price of \$0.12 per share for a period of 3 years.

On November 25, 2019, the Company closed the second and final tranche of a private placement issuing 4,212,500 units at \$0.08 per unit for gross proceeds of \$337,000. Each unit consists of one common share and one share purchase warrant. Each share warrant entitles the holder to purchase one common share at an exercise price of \$0.12 per share for a period of 3 years. In addition, the Company incurred finders' fees of \$25,020. There were no shares issued during the three months ended November 30, 2018.

**Liquidity and Capital Resources**

The condensed interim consolidated financial statements for the period ended November 30, 2020 have been prepared on the basis of accounting principles applicable to a going concern. This assumes that Equity Metals will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Equity Metals has incurred operating losses over the last several fiscal years, has limited financial resources, no source of operating cash flow and no assurances that sufficient funding, including adequate financing, will be available to further explore its mineral property projects and to cover the overhead costs necessary to maintain a public company in good

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standing. At November 30, 2020, Equity Metals had cash on hand of \$1,379,389 and a current working capital of \$1,154,699 compared to cash on hand of \$1,790,432 and a working capital of \$1,694,570 at August 31, 2020. The net decrease in cash for the period is due to the Company's net cash used in operations of \$764,388, offset by net receipts of \$318,443 from financing activities.

**Working Capital**

<b>As at</b>	<b>Nov 30, 2020</b>	<b>Aug 31, 2020</b>
	\$	\$
Current Assets	<b>1,519,006</b>	1,979,281
Current Liabilities	<b>364,307</b>	284,711
<b>Current Working Capital</b>	<b>1,154,699</b>	1,694,570

**Critical accounting estimates**

*Carrying value and recoverability of exploration and evaluation assets*

The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production, or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's mineral properties.

To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, operating results and cash flows.

*Fair value of stock options and warrants*

Charges for share-based compensation are based on the fair value at the date of the award. Stock options are valued using the Black-Scholes Option Pricing Model, and inputs to the model include assumptions on expected volatility, discount rates and expected term, dividend yield, and expected forfeitures. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity. Expected volatility is a measure for variation of a price of a financial instrument over time. Expected volatility is derived from a time series of past market prices therefore may not be an accurate representation of future volatility.

**Off-balance sheet arrangements**

The Company has no off-balance sheet arrangements.

**Additional Disclosure for Venture Issuers without Significant Revenue**

Additional disclosure concerning Equity Metal's general and administrative expenses and resource property costs is provided in the Company's audited consolidated financial statements for the years-ended August 31, 2020 and 2019 available on its SEDAR at [www.sedar.com](http://www.sedar.com).



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**Transactions with Related Parties**

Related party transactions are negotiated in the best interest of the Company.

Key management includes the President, the Chief Financial Officer, the VP Exploration and the directors. The compensation paid or payable to key management for services during the three months November 30, 2020 and 2019 is as follows:

	<b>November 30, 2020</b>	<b>November 30, 2019</b>
	\$	\$
Management and wages to related parties	18,525	24,068
General exploration to related parties	13,178	18,957
	<b>31,703</b>	<b>43,025</b>

During the three months ended November 30, 2020, \$9,428 (2019 - \$5,702) in accounting support services was charged by Malaspina Consultants Inc., a company controlled by Killian Ruby, the CFO and director of the Company. Further, during the three month period ended November 30, 2020, the following amounts were charged to the Company by Manex Resource Group Inc. and Page Law Corporation, companies controlled by Larry Page, the Chairman: (i) \$22,078 (2019 - \$26,301), respectively, being costs for general exploration services; (ii) \$15,000 (2019 - \$15,000), being costs for office rent services; (iii) \$7,865 (2019 - \$3,098) being costs for general office and administration support services; (iv) \$13,142 (2019 - \$43,091), being costs for legal support services; (v) \$19,564 (2019 - \$30,014), being costs for investor relation and promotion services and (vi) \$2,427 (2019 - \$37,585), being costs for corporate finance and associated services.

Included in current liabilities at November 30, 2020 is (i) \$49,720 (August 31, 2020 - \$46,854) due to related parties and (ii) \$5,783 (2019 - \$5,783) due to former related parties of the Company. These amounts are unsecured and due under normal business terms.

At November 30, 2020 a total of \$5,487 (2019 - \$5,487) was owing from a company with officers and Directors in common has been included in receivables and prepaids.

**Adoption of new accounting standards during the year**

***New Accounting Standards Adopted During the Period***

No new accounting standards were adopted during the period.

**Financial Instruments and Other Instruments**

The Company's financial assets and liabilities are cash, receivables, reclamation deposits, accounts payable and accrued liabilities and amounts due to related parties. The fair values of these financial instruments are estimated to be their carrying values due to their short-term nature. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their

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carrying value due to their short-term maturity, receipt of market interest rates on interest bearing assets or capacity of prompt liquidation.

**Outstanding share data**

The Company has authorized share capital consisting of common shares without par value. The number of shares authorized is unlimited. The Company has issued warrants for the purchase of common shares and also a stock option plan. The table below summarizes the Company's common shares, stock options and warrants that are convertible into common shares as of January 27, 2021:

	<b>Number</b>
Issued and outstanding common shares	74,057,542
Share options with a weighted average exercise price of \$0.092	2,200,000
Share purchase warrants with a weighted average exercise price of \$0.14	44,096,618
<b>Fully Diluted</b>	<b>120,354,160</b>

**Disclosure controls and procedures**

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements for the year ended August 31, 2020 and this accompanying MD&A (together, the "Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

For further information, and other information relating to the Company, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its filings on SEDAR at [www.sedar.com](http://www.sedar.com).

**Risks**

The Company is engaged in the exploration, development and exploitation of mineral resources for base metals, precious metals and diamonds. The properties of the Company are without a known body of commercial ore. The exploration programs undertaken and proposed constitute an exploratory search and there is no assurance that the Company will be successful in its search. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation. The amounts shown as property acquisition costs represent acquisition and holding cost, less amounts written off, and do not necessarily represent present or future values.

Acquisition of rights to the mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has investigated the title to all of the properties for which it holds concessions or in respect of which it has a right to earn an interest, the Company cannot give any assurance that title to such properties will not be challenged or impugned. The Company's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects or governmental actions. The Company can never be certain that it or its option partners will have valid title to its mineral properties. Mineral properties sometimes contain claims or

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transfer histories that examiners cannot verify, and transfers under foreign law are often complex. The Company does not carry title insurance on its properties. A successful claim that the Company or its option partner does not have title to a property could cause the Company to lose its rights to that property, perhaps without compensation for its prior expenditures relating to the property. The occurrence of any such event could have a material adverse effect on the Company and its prospects.

The Company requires licenses and permits from various governmental authorities to carry out exploration and development of its projects. Obtaining permits can be a complex, time consuming process. There can be no assurance that the Company will be able to obtain the necessary licences and permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities. In addition, the requirements applicable to sustain existing permits and licenses may change or become more stringent over time and there is no assurance that the Company will have the resources or expertise to meet its obligations under such licenses and permits.

The Company has experienced losses in operations in prior years and has an accumulated deficit position. The Company expects to incur losses for the foreseeable future. The continuation of the Company's operations is subject to its ability to continue to be able to raise funding to support its operations. While the Company has been successful to date in raising funding there is no guarantee that it will continue to do so in the future.

The profitability of the Company's operations, if ever established, will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, world supply of mineral commodities, consumption patterns, sales of copper, gold and silver by central banks, forward sales by producers, production, industrial and jewellery demand, speculative activities and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable. The Company's revenues and earnings also could be affected by the prices of other commodities such as fuel and other consumable items, although to a lesser extent than by the price of copper, gold, silver or molybdenum. The prices of these commodities are affected by numerous factors beyond the Company's control.

The Company is dependent upon share issuances to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to explore its mineral properties. Issuances of additional securities will result in dilution of the equity interests of the Company's shareholders. The Company may issue additional common shares in the future as further capital is required and on the exercise of outstanding options or other convertible securities issued from time to time. Sales or issuances of substantial amounts of additional securities, or the availability of such securities for sale, could adversely affect the market prices for the Company's securities. A decline in the market prices of securities of the Company could impair the Company's ability to raise additional capital through the sale of new common shares should it desire to do so. In addition, if additional common shares or securities convertible into common shares are sold or issued, such sales or issuances may substantially dilute the equity interests of the Company's holders of common shares.

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Companies in all industries, including the mining industry, are subject to legal claims from time to time, some of which have merit and others of which do not. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company may become subject could have a material effect on the Company's financial position, results of operations or the Company's property development.

*COVID-19*

The continuation of the COVID-19 pandemic has resulted in social and economic disruption and had a resultant effect on the mining and exploration industries and capital markets. However, increases in gold and silver prices are offsetting features to some of the negative conditions imposed by the pandemic. The impacts to the Company are not determinable at this date, but these could be material to the Company's forecasted exploration work and the Company's financial position, results of operations and cash flows. The Company's liquidity and ability to continue as a going concern may also be impacted.