

Equity Metals Corporation

MANAGEMENT DISCUSSION & ANALYSIS

For the Years Ended

August 31, 2020 and 2019

Introduction

The following Management's Discussion and Analysis ("MD&A") is dated December 18, 2020 and should be read in conjunction with the Company's annual consolidated financial statements (the "financial statements") of Equity Metals Corporation (the "Company" or "Equity Metals") for the years ended August 31, 2020 and 2019 which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

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 31st 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.

Effective August 23, 2019, the Directors approved a reorganization of its Board of Directors and management and agreed to join the Manex Resource Group ("Manex") (refer to NR August 29, 2019) and, subsequently, appointed Mr. John Kerr to the Board of Directors (refer to NR December 5, 2019). Mr. Fred Sveinson, recently deceased, no longer serves as a Director.

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 focused on 10 initial holes to test three known high-grade zones below current resource blocks. 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. Additional assay results are pending. The Company commenced its Phase II drilling program on the property in December 2020, totaling 1,500 metres to target high-grade mineralization in the Camp Vein, and is proposing a Phase III drill program totaling ~4,000 metres to target the No. 3 Vein in 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.

Further information on the Silver Queen project, resource updates and related news releases is 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

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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’èezhìi 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, we consider Monument 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 August 31, 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 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.

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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 years ended August 31, 2020 and 2019 were as follows:

	Saskatchewan property		Silver Queen property		Monument Diamond property		DHK Diamonds properties		Total	Total
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assay analysis	-	-	-	2,613	-	-	-	-	-	2,613
Camp preparation	-	-	41,709	5,218	-	-	-	-	41,709	5,218
Depreciation	-	-	15,474	20,600	-	-	-	-	15,474	20,600
Drilling	-	-	88,372	10,123	-	-	-	-	88,372	10,123
General exploration	133	151	66,948	213,482	400	62,252	-	-	67,481	275,885
Geology	416	-	214,272	84,911	15,800	-	-	-	230,488	84,911
Property, assessment/taxes	306	206	273	1,304	128,534	-	-	-	129,113	1,510
	855	357	427,048	338,251	144,734	62,252	-	-	572,637	400,860
Government Assistance	-	-	(186,272)	-	-	-	-	-	(186,272)	-
Less: Recoveries from JV participants	-	-	-	-	(81,563)	(36,852)	-	-	(81,563)	(36,852)
	855	357	240,776	338,251	63,171	25,400	-	-	304,802	364,008

Selected Annual Information

The table below provides selected financial information derived from the audited consolidated financial statements of the Company for each of the past three years ended August 31.

August 31	2020	2019	2018
	\$	\$	\$
Total revenues	nil	nil	nil
Income (loss) from continued operations and net income (loss)	(1,132,831)	(683,009)	(1,345,581)
Net income (loss) per share (basic & diluted)	(0.04)	(0.05)	(0.09)
Total assets	2,269,394	318,779	869,734
Total liabilities	284,711	114,942	70,445
Dividends declared	nil	nil	nil

The losses in the years-ended 2020 and 2019 arise from exploration and evaluation expenses and also administration expenses. The increase in losses for the year-ended August 31, 2020 compared with the year-ended August 31, 2019 arise from the increased level of exploration and evaluation activity as well as increased levels of administrative costs of the Company as a result of advancement of the Company's operational activities as a result of available financing and the change in management. The decrease in losses for the year-ended August 31, 2019 compared with the year-ended August 31, 2018 arises from the

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decreased level of exploration and evaluation activity of the Company as a result of a reduction in cash resources and no financings having been completed in fiscal 2019.

The increase in total assets arises from financing completed during the fiscal year ended 2020. The total assets at August 31, 2020 includes cash of \$1,790,432 compared to \$35,583 at August 31, 2019, arising from the closing, on August 10, 2020, of a private placement of 27,205,042 units at \$0.07 per unit for gross proceeds of \$1,904,353.

Results of Operations:

Year Ended August 31, 2020

During year ended August 31, 2020, the Company reported a net loss of \$1,132,831 or \$0.04 loss per share (2019- \$683,009 or \$0.05 loss per share).

For the years ended	Aug 31, 2020	Aug 31, 2019
	\$	\$
Exploration and evaluation expenses, net of recoveries	(304,802)	(364,008)
Administration expenses	(824,553)	(319,001)
Foreign exchange gain/(loss)	(3,476)	-
Net loss for the year	(1,132,831)	(683,009)
Unrealized loss on marketable securities - OCI	-	(11,949)
Total comprehensive loss for the year	(1,132,831)	(694,958)

The total comprehensive loss for the year ended August 31, 2020 increased compared to the comparable period in the prior year mainly due to the increase in the Company's exploration activity, the change in management team and relocation of the Company's head office, as well as incurring property remediation costs. The increase in cash reserves during the year, arising from the closing of private placements during the year, enabled the Company to attend to a number of administrative and regulatory matters which had been deferred due to the prior lack of funding available to the Company. Such matters included dealing with on-going litigation and related regulatory matters, revamping the Company's website, promoting awareness of the Company and its exploration program for the future. The administrative costs were incurred to provide the Company with a solid management base and enable future activity to be focused on drilling programs and enhancement of its core exploration projects. Accordingly, the prior lack of funding and the timing of closing of the private placements did not permit significant exploration and evaluation expenditure during 2019.

The most significant expenses, during the year ended August 31, 2020, with respect to the exploration and evaluation expenses relate to drilling costs of \$88,372 (2019 - \$10,123), geology costs of \$230,488 (2019 - \$84,911), general exploration expense of \$67,481 (2019 - \$275,885), camp preparation costs of \$41,709 (2019 - \$nil) and property remediation costs of \$128,534 (2019 - \$nil), offset by recoveries from the Company's joint venture partners of \$81,563 (2019 - \$36,852) and government assistance of \$186,272 (2019- \$nil) arising from receipt of BC Mining Exploration Tax Credits.

The significant categories in administration expenses for the year ended August 31, 2020 includes consulting costs of \$110,536 (2019 - \$nil); legal, audit and accounting costs of \$201,869 (2019- \$83,024); office rent and building expenses of \$61,200 (2019 - \$14,400) non-cash share-based compensation of \$104,815 (2019- \$99,506) and travel and promotion costs of \$225,197 (2019 - \$21,271).

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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 August 31, 2020. No cash dividends were declared in any of the reported periods.

Three months ended	Aug 31, 2020	May 31, 2020	Feb 29, 2020	Nov 30, 2019
	\$	\$	\$	\$
Total revenues	nil	nil	nil	nil
Net income (loss)	(386,562)	(106,867)	(385,492)	(253,910)
Net income (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)

Three months ended	Aug 31, 2019	May 31, 2019	Feb 28, 2019	Nov 30, 2018
	\$	\$	\$	\$
Total revenues	nil	nil	nil	nil
Net income (loss)	(148,817)	(221,764)	(168,902)	(143,526)
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.

Fourth Quarter

During the three months ended August 31, 2020, the Company reported net loss for the period of \$386,562 or \$0.01 loss per share (2019 - \$148,817 or \$0.01 loss per share).

For the three months ended	Aug 31, 2020	Aug 31, 2019
	\$	\$
Exploration and evaluation expenses, net of recoveries	(244,085)	(94,566)
Administration expenses	(140,056)	(54,251)
Foreign exchange gain/(loss)	(2,421)	-
Net loss for the period	(386,562)	(148,817)
Total comprehensive loss for the period	(386,562)	(148,817)

The total comprehensive loss for the three months ended August 31, 2020 increased compared to the comparable period in the prior year mainly due to the increase in the Company's exploration activity and administrative activity supporting the advancement of the Company's operations. The most significant expense with respect to the exploration and evaluation expenses relates to drilling costs of \$88,372 (2019 - \$nil), geology costs of \$120,351 (2019 - \$1,164), general exploration costs of \$22,405 (2019 - \$75,628) and camp preparation costs of \$40,995 (2019 - \$103), offset by recoveries from the Company's joint venture

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partners of \$nil (2019 - \$18,361) and government assistance of \$43,747 (2019- \$nil) arising from receipt of BC Mining Exploration Tax Credits.

Administration expenses increased during the three months ended August 31, 2020 compared to the comparable period in the prior year mainly due to increases in legal, audit and accounting to \$47,013 compared with \$21,916 for the same period in 2019, arising from legal costs of resolving historic compliance and regulatory matters, office rent of \$15,000 (2019 - \$3,600) as well as travel and promotion costs of \$59,325 (2019 - \$3,879) related to increases in marketing and promotion of the Company.

Financing

Year Ended August 31, 2020

During the year ended August 31, 2020 shares were issued for the following:

On August 10, 2020, the Company closed a private placement issuing 27,205,042 units at \$0.07 per unit for gross proceeds of \$1,904,353. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.10 per share for a period of 3 years. In addition, the Company incurred finders fees of \$41,573, other cash issuance costs of \$22,267 and issued 593,901 finders' warrants with a fair value of \$92,806, exercisable at a price of \$0.10 per share for a period of 3 years. All of the proceeds from the financing were allocated to share capital.

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 and other cash issuance costs of \$2,218. All of the proceeds from the financing were allocated to share capital.

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, other cash issuance costs of \$18,532 and issued 140,000 finders' warrants with a fair value of \$8,710, exercisable at a price of \$0.12 per share for a period of 3 years. The Company allocated \$133,838 of the proceeds raised from the financing to reserves, representing the residual value of the unit price compared with the share price of \$0.065 on closing which was allocated, per unit, to share capital.

Year Ended August 31, 2019

During the year ended August 31, 2019, the Company did not complete any equity or debt financings.

Liquidity and Capital Resources

The consolidated financial statements for the year ended August 31, 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 standing. At August 31, 2020, Equity

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Metals had cash on hand of \$1,790,432 and a current working capital of \$1,694,570 compared to cash on hand of \$35,583 and a working capital of \$269 at August 31, 2019. The net increase in cash for the year is due to the Company's net cash provided from issuance of shares of \$2,812,142, offset by cash used in operations of \$951,798 and cash used in investing activities of \$102,019 for an increase in mineral property bond security deposits.

Working Capital

As at	Aug 31, 2020	Aug 31, 2019
	\$	\$
Current Assets	1,979,281	115,211
Current Liabilities	284,711	114,942
Current Working Capital	1,694,570	269

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.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to

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recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

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.

Transactions with Related Parties

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

Related party transactions and commitments

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 year ended August 31, 2020 and 2019 is as follows:

	August 31, 2020	August 31, 2019
	\$	\$
Management and wages to related parties	87,337	10,650
Management and wages to former related parties	21,000	45,500
General exploration to related parties	68,865	6,000
General exploration to former related parties	-	40,900
Share-based payments to related parties	69,876	15,153
Share-based payments to former related parties	-	76,524
	<u>247,078</u>	<u>194,727</u>

During the year ended August 31, 2020, \$28,482 (2019 - \$10,225) 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 year ended August 31, 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) \$102,617 (2019 - \$nil), being costs for general exploration services; (ii) \$60,000 (2019 - \$nil), being costs for office rent services; (iii) \$7,444 (2019 - \$nil), being costs for general office and administration support services; (iv) \$87,814 (2019 - \$nil), being costs for legal support services; (v) \$73,716 (2019 - \$nil), being costs for investor relation and promotion services and (vi) \$45,854 (2019 - \$nil), being costs for corporate finance and associated services.

During the year ended August 31, 2019 \$25,525, was charged by Helen Jewitt, the spouse of John Jewitt, the former Chief Executive Officer and former director of the Company with respect to accounting and administrative services provided during the period. Further, office rent of \$14,400, for the year ended August 31, 2019 was charged by Foxy Creek Services Ltd., a company controlled by Ellen Clements, a former CEO and former director of the Company for consulting and use of equipment services. In addition, during the year ended August 31, 2019, the Company acquired equipment from Foxy Creek Services Ltd. Of \$54,900.

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Included in current liabilities at August 31, 2020 is (i) \$46,854 (2019 - \$23,716) due to related parties and (ii) \$5,783 (2019 – \$12,337) due to prior related parties of the Company. These amounts are unsecured and due under normal business terms.

At August 31, 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

IFRS 16, Leases

The new standard eliminates the classification of leases as either operating or finance leases for a lessee. Instead all leases are capitalized by recognizing the present value of lease payments and recognizing an asset and a financial liability representing an obligation to make future lease payments. The principles in IFRS 16 provide a more consistent approach to acquiring the use of an asset whether by leasing or purchasing an asset. The new leasing standard is applicable to all entities and will supersede current lease accounting standards under IFRS. IFRS 16 is mandatory for the Company's annual period beginning on September 1, 2019. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements.

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 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 December 18, 2020:

	Number
Issued and outstanding common shares	71,172,542
Share options with a weighted average exercise price of \$0.092	2,500,000
Share purchase warrants with a weighted average exercise price of \$0.13	46,981,618
Fully Diluted	120,654,160

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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.

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 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.

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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.

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.