

# **E**quity Metals Corporation

## **MANAGEMENT DISCUSSION & ANALYSIS**

**For the Years Ended**

**August 31, 2022 and 2021**

## **Introduction**

The following Management's Discussion and Analysis ("MD&A") is dated December 15, 2022 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, 2022 and 2021 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**

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.

The Company is principally engaged in the acquisition, exploration and development of metal, silica, 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" 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 and along strike. 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 of 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.

On December 1, 2022, the Company announced a significant increase to the mineral resource estimate at Silver Queen. Kirkham Geosystems Ltd ("KGL") and P&E Mining Consultants Inc. ("P&E") completed an updated Independent Mineral Resource Estimate ("MRE") for the Silver Queen Project. The MRE features lateral and down-dip extensions of the previously modelled No. 3 and NG-3 Veins, originally included in the 2019 MRE, and new, previously unmodelled mineralization from the Camp and Sveinson Targets. The MRE utilizes a Net Smelter Return ("NSR") cut-off at C\$100/t with updated metal pricing. The highlights of the MRE included the following:

- Increase in the Indicated Category:
  - 187% increase to 62.8Mozs AgEq, or
  - 214% increase to 765Kozs AuEq; and
- Increase in the Inferred Category:
  - 30% increase to 22.5Mozs AgEq, or
  - 41% increase to 273Kozs AuEq

For more details on the results of the updated MRE refer to the News Release dated December 1, 2022.

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 on site, moderate topography, and location in the snow shadow of the Coast Range; c) abundant mining activity occurs in the region; and d) power and water are available.

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*Exploration Highlights*

The Company announced in September 2021 the commencement of a 2021-2022 property-wide exploration program that drill-tested various targets within the large precious metal-enriched epithermal vein system, covering a +5 square kilometre area located on the western side of the Silver Queen Project. Forty-eight core holes totaling 15,538 metres were completed over three stages of drilling which focused on three segments of a 2.5-kilometre vein corridor that extends eastward from the Camp Target through the Sveinson Target, the No.3 Vein, and into the NG-3 Target. Success from this program, described below, is noteworthy as none of the Camp Vein and Sveinson Target mineralization, and little of the NG-3 mineralization, was included in the Company's 2019 Resource.

Drilling on the Camp Target identified a conjugate vein set of steep southwest-dipping, strongly silver-enriched veins and steep north-dipping, gold-enriched polymetallic veins. Individual veins demonstrate good lateral continuity over +150 metre strike-lengths within an overall cumulative strike-length of the target of approximately 300 metres. Drilling confirmed continuity of the vein sets to depths of up to 195 metres, with several veins extending laterally to the east and projecting into the Sveinson Target.

The Sveinson Target includes the previously identified No. 5 and Switchback Veins and forms a broad, 150-metre wide, veined structural corridor that projects laterally eastward for over 1000 metres where it transitions into the No. 3 Vein system. Drilling successfully intersected multiple shallow veins at less than 100 metres below surface as well as several deeper vein intercepts at over 350 metres below surface. Numerous veins have been encountered across the full 150-metre width of the Sveinson Structural Zone, with several individual vein segments demonstrating good lateral continuity along 200 to 400-metre strike lengths.

Drilling confirmed the lateral projection of several shallow veins in the transition from the Camp to the Sveinson Targets and also identified three separate veins along strike to the west of the Camp Target, which remain open ended in that direction for future testing toward further resource expansion. Strong gold-enrichment was identified in one of the veins in the Camp Target which has traditionally returned higher silver values relative to gold. This is significant as gold-enrichment further enhances the overall exploration potential of these vein extensions.

The No. 3 Vein system strikes northwest and dips to the northeast at approximately 60 degrees. The average width of the veins is 0.9 to 1.2 metres with local increases up to about 4.6 metres. The No. 3 Vein can be traced on surface and in drilling for over a 1.2-kilometre strike length where it transitions across an oblique structure and into the NG-3 Vein system.

The NG-3 Target forms the southeast extension of the No. 3 Vein and was tested with eight core holes which returned several intersections of high-grade gold and silver. Equity's drilling has now confirmed the extension of the NG-3 Vein to over 300 metres of strike and to depths of up to 240 metres below surface. The drill holes have established internal continuity between widely spaced historical intercepts drilled by previous management and earlier drilling by Equity. Mineralization remains open along strike and down dip.

A total of 78 drill holes for 25,659 metres have now been completed by the Company on the Silver Queen project in six successive phases of exploration starting in late 2020. Five separate target areas have been tested in part and thick intervals of high-grade gold, silver and base-metal mineralization have been identified in each of the Camp Vein, the Sveinson Target, No. 3 Vein, and NG-3 Vein systems. A Mineral Resource update has been completed and is expected to be publicly filed by January 2023.

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**La Ronge Silica Project (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. One potential new use for high-purity silica sand is as feedstock to produce silicon for use in lithium cathodes batteries. During November 2021 the Company engaged a geological consultant to assess the potential grade of silica extractable from the property in order to assess potential value to the Company. Results are encouraging, and further analysis of commercial value is ongoing. To date, no income has been received from the lease.

On April 12, 2022, the Company announced analyses and test work on its 100% controlled La Ronge Silica Project, an historic sand quarry located in central Saskatchewan, approximately 60 kilometers south-southeast of La Ronge, Saskatchewan and 210 kilometers west of Flin Flon, Manitoba. Preliminary studies indicate the silica deposit may be developed into a simple and profitable, low-cost mining and washing operation to produce high-purity silica (>98% SiO<sub>2</sub>), a specialty product. The sand can be mined very efficiently due to its unconsolidated nature. High-purity silica can be converted into silicon, which is being tested by the electric-car industry to replace or augment carbon in battery anodes to dramatically extend the time between charging. Other possible conventional uses exist in the ceramics and glass industries. In October 2021, Equity initiated a sampling program to evaluate the deposit. Ten representative sites were sampled within the quarry, and sufficient material was collected to derive an average purity of the sand. The results from the La Ronge Silica property are very encouraging and suggest it may become a “third leg” value to Equity, in addition to Silver Queen and the diamond properties.

**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. In February 2021, the Company initiated a 'tow-mag' survey (magnetometer survey pulled by snowmobile) at a 50m line spacing on two claims on the Monument Diamond project. The claims are located to the north of the leases that make up the main tenures of the property and the new survey links up with existing magnetics over the main portion of the property. In addition, this work meets the Company's exploration and assessment requirements for these claims.

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'èzhii 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. The diamond market has recovered well, and Monument is considered to be a valuable asset that does not need to be aggressively pursued at this time as the Company focuses on advancing the Silver Queen project.

**WO Claim Block – operated by DeBeers Canada Inc.**

Equity Metals holds an indirect 4.47% 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

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Canada Inc. (“De Beers”) (72.13%), Archon Minerals Limited (17.57%) and DHK Diamonds Inc. (10.30%), with DeBeers being the project operator. The Company has a cost contribution commitment, commensurate with its interest, to fund the costs of operating the WO claim block. No contributions were required for the three months ended November 30, 2021 (November 30, 2020 - \$nil).

An encouraging 2007 bulk sample produced individual rough diamonds up to 9.45 carats. DHK has not received proposed work plans for 2022 from DeBeers.

**Greenwood Royalty**

Equity Metals 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 \$1.2 million to February 2027. 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 Company’s 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. Golden Dawn reports that it intends to explore the Company’s royalty ground for additional mill feed. It has received drill permits and is raising funds to conduct the drilling. The Company is monitoring activity on the property for this potential royalty stream.

Further information on the Company’s projects, applicable resource updates and related news releases are available on the Company’s website at <https://equitymetalscorporation.com/>.

**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.

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**Exploration and Evaluation Expenditures**

Exploration and evaluation expenditures incurred for the years ended August 31, 2022 and 2021 were as follows:

	La Ronge Silica project		Silver Queen property		Monument Diamond property		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Assay analysis	1,484	-	567,321	449,870	-	-	568,805	449,870
Camp preparation	219	-	237,374	106,238	-	-	237,593	106,238
Depreciation	-	-	8,374	11,039	-	-	8,374	11,039
Drilling	-	-	1,887,127	1,063,996	-	-	1,887,127	1,063,996
General exploration	4,228	-	499,353	299,454	-	23,811	503,581	323,265
Geology	12,382	1,899	731,898	750,706	-	2,719	744,280	755,324
Property, assessment/taxes	210	209	381	845	7,615	7,615	8,206	8,669
	<b>18,523</b>	2,108	<b>3,931,828</b>	2,682,148	<b>7,615</b>	34,145	<b>3,957,966</b>	2,718,401
Less: Government Assistance	-	-	-	(119,342)	-	-	-	(119,342)
	<b>18,523</b>	2,108	<b>3,931,828</b>	2,562,806	<b>7,615</b>	34,145	<b>3,957,966</b>	2,599,059

**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	2022 \$	2021 \$	2020 \$
Total revenues	nil	nil	nil
Net income (loss)	(5,007,057)	(4,207,524)	(1,132,831)
Net income (loss) per share (basic & diluted)	(0.05)	(0.06)	(0.04)
Total assets	802,490	2,171,766	2,269,394
Total liabilities	96,864	98,068	284,711
Dividends declared	nil	nil	nil

During the year ended August 31, 2022, the company closed two tranches of flow-through private placements on November 25, 2021 and December 22, 2021 of \$1,185,550 and \$1,815,000 resulting in total proceeds of \$3,000,550 with these funds, as well as prior cash balances, being used to fund exploration activities resulting in the decrease in the total assets from 2021 to 2022.

The losses in the years-ended 2022, 2021 and 2020 arise from exploration and evaluation expenditures and also administration expenses, including share-based compensation. The increase in loss for the year-ended August 31, 2022 compares with August 31, 2021, and for August 31, 2021 compared with the year-ended August 31, 2020 arise primarily from the increased level of exploration and evaluation activity.

During the year ended August 31, 2021, the Company closed a flow-through private placement of \$2,366,022 resulting in an increase in cash with the funds being used to fund exploration activities resulting in the slight net decrease in total assets from 2020 to 2021.

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**Results of Operations**

*Year ended August 31, 2022*

During the year ended August 31, 2022, the Company reported a net loss of \$5,007,057 or \$0.05 loss per share (August 31, 2021 - \$4,207,524 or \$0.06 loss per share).

<b>For the years ended</b>	<b>Aug 31, 2022</b>	<b>Aug 31, 2021</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation expenses, net of recoveries	<b>(3,957,966)</b>	(2,599,059)
Administration expenses (excluding share-based compensation)	<b>(749,446)</b>	(570,011)
Share-based compensation	<b>(461,933)</b>	(1,011,979)
Interest income and miscellaneous	<b>16</b>	285
Foreign exchange gain/(loss)	<b>(3,980)</b>	(2,934)
Flow-through premium recovery	<b>200,037</b>	-
Allowance for doubtful accounts	<b>(33,785)</b>	-
Write-off of equipment & vehicles	-	(23,826)
<b>Net loss and total comprehensive loss for the period</b>	<b>(5,007,057)</b>	(4,207,524)

The net loss and total comprehensive loss for the year ended August 31, 2022, increased compared to the comparable period in the prior year mainly due to the increase in the Company's exploration activity; partly offset by a non-cash recovery of flow-through premium as well as a reduction in share-based compensation (a non-cash expense).

During the year ended August 31, 2022, the Company closed its first and second tranches of private placements raising gross proceeds of \$1,185,550 and \$1,815,000, respectively, in flow-through funds and \$392,000 and \$241,500 of gross proceeds, respectively, in non-flow through funds, enabling the Company to focus on and advance its exploration program on the Company's key asset, the Silver Queen property. During the same period, the Company recognized an initial flow-through premium of \$79,037 upon closing of the first tranche and an initial flow-through premium of \$121,000 in connection with the closing of the second tranche. The flow-through premium recovery relates to the realization of the flow through premium received on expenditure of the related flow through funds. During the year ended August 31, 2022 the Company recognized an aggregate flow-through premium recovery of \$200,037 (2021 - \$nil). The amount recognized during the period is a non-cash recovery and represents an aggregate portion of the Qualifying CEE incurred during the period from closing of the private placement to August 31, 2022.

Administrative expenses (excluding share-based compensation) compared to the same period in 2021 increased primarily due to the increase in travel, marketing and promotion costs incurred during the year ended August 31, 2022 in the promotion of the Company's business and dealing with investors. The non-cash share-based compensation expense arises from the granting of 3,550,000 options during the year ended August 31, 2022.

The most significant expenses, during the year ended August 31, 2022, with respect to exploration and evaluation activities relate to drilling costs of \$1,887,127 (2021 - \$1,063,996), geology costs of \$744,281 (2021 - \$755,324), general exploration expense of \$504,909 (2021 - \$323,265), assay analysis costs of \$568,805 (2021 - \$449,870) and camp preparation costs of \$237,593 (2021 - \$106,238).

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The significant categories in administration expenses for year ended August 31, 2022, includes legal, audit and accounting costs of \$164,199 (2021 - \$160,467); office rent and building expenses \$60,000 (2021– \$60,000); non-cash share-based compensation of \$461,933 (2021 - \$1,011,979) and travel and promotion costs of \$377,992 (2021 - \$220,615). Legal, audit and accounting costs are largely unchanged compared to prior year. Share-based compensation costs relate to the 3,550,000 options that were granted during the year ended August 31, 2022. The increase in travel, marketing and promotion costs incurred during the year ended August 31, 2022 compared with the same period in 2021 arises from a general increase in the promotion of the Company’s business and dealing with investors and the release of non-cash expenses arising from the release of prepayments from fiscal 2021. In addition, during the year-ended August 31, 2022 the Company allowed for potentially uncollectible receivables of \$33,875 (2021 - \$nil).

***Three months ended August 31, 2022***

During the three months ended August 31, 2022, the Company reported a net loss of \$375,793 or \$0.00 loss per share (August 31, 2021- \$310,445 or \$0.00 loss per share).

	<b>Aug 31, 2022</b>	<b>Aug 31, 2021</b>
<b>For the three months ended</b>	<b>\$</b>	<b>\$</b>
Exploration and evaluation expenses, net of recoveries	<b>(186,024)</b>	(206,676)
Administration expenses (excluding share-based compensation)	<b>(156,520)</b>	(103,362)
Interest income and miscellaneous	<b>9</b>	-
Foreign exchange gain/(loss)	<b>527</b>	(407)
Allowance for doubtful accounts	<b>(33,785)</b>	-
<b>Net loss and total comprehensive loss for the period</b>	<b>(375,793)</b>	(310,445)

The net loss and total comprehensive loss for the year ended August 31, 2022, increased compared to the comparable period in the prior year mainly due to the increase in the Company’s administrative activities during the three months ended August 31, 2022 as well as the Company allowing for potentially uncollectible receivables of \$33,875 (2021 - \$nil).

During the three months ended August 31, 2022, Administrative expenses (excluding share-based compensation) compared to the same period in 2021 increased primarily due to the increase in travel, marketing and promotion costs incurred during the three months ended August 31, 2022 in the promotion of the Company’s business and dealing with investors.

The most significant expenses, during the three months ended August 31, 2022, with respect to exploration and evaluation activities relate to drilling costs of \$3,918 (2021 - \$1,350), geology costs of \$100,482 (2021 - \$99,540), general exploration expense of \$21,737 (2021 - \$76,525), assay analysis costs of \$53,544 (2021 - \$14,422) and camp preparation costs of \$4,384 (2021 - \$12,263).

The significant categories in administration expenses for the three months ended August 31, 2022, includes legal, audit and accounting costs of \$23,739 (2021 - \$23,988); office rent and building expenses \$15,000 (2021– \$15,000); and travel and promotion costs of \$85,136 (2021 - \$42,355). Legal, audit and accounting costs are largely unchanged from the three months ended August 31, 2022. The increase in travel, marketing and promotion costs incurred during the three months ended August 31, 2022 compared with the same period in 2021 arises from a general increase in the promotion of the Company’s business and dealing with

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investors and the release of non-cash expenses related to prepayments from fiscal 2021. In addition, during the three months ended August 31, 2022 the Company allowed for potentially uncollectible receivables of \$33,875 (2021 - \$nil).

**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, 2022. No cash dividends were declared in any of the reported periods.

<b>Three months ended</b>	<b>Aug 31, 2022</b>	<b>May 31, 2022</b>	<b>Feb 28, 2022</b>	<b>Nov 30, 2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total revenues	nil	nil	nil	nil
Net income (loss)	(375,794)	(924,348)	(1,992,869)	(1,714,047)
Net income (loss) per share	-	(0.02)	(0.01)	(0.02)

\* *The aggregate of quarterly per share amounts may not equal the annual per share amount due to rounding in the calculations.*

<b>Three months ended</b>	<b>Aug 31, 2021</b>	<b>May 31, 2021</b>	<b>Feb 28, 2021</b>	<b>Nov 30, 2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total revenues	nil	nil	nil	nil
Net income (loss)	(310,445)	(1,144,950)	(1,835,810)	(916,319)
Net income (loss) per share	-	(0.02)	(0.03)	(0.01)

\* *The aggregate of quarterly per share amounts may not equal the annual per share amount due to rounding in the calculations.*

The changes in quarterly net income (loss) from fiscal 2021 to fiscal 2022 is primarily driven by the increase in and timing of the Company's exploration activity supporting the advancement of the Company's operations during fiscal 2021 and into the fourth quarter of fiscal 2022. In addition, the decrease for the quarter ended August 31, 2022 is primarily from the decrease in exploration expenses to \$186,024.

**Financing**

**Year ended August 31, 2022**

During the year ended August 31, 2022, shares were issued for the following:

On November 15, 2021, the Company closed the first tranche of a private placement by issuing 7,903,667 flow-through units at a price of \$0.15 per unit for gross proceeds of \$1,185,550 and by issuing 2,800,000 non-flow-through units at a price of \$0.14 per unit for gross proceeds of \$392,000. Each flow-through unit is comprised of one flow-through common share of the Company and one-half (0.5) of a non-flow-through warrant. Each non-flow-through unit is comprised of one common share of the Company and one-half (0.5) of a non-flow-through warrant. Each whole flow-through warrant and each whole non-flow-through warrant, respectively, are each exercisable at a price of \$0.20 per non-flow-through common share for a period of 2 years. In addition, the Company incurred cash finders' fees of \$90,339 and issued 610,423 non-flow-through finders' warrants, of which 213,710 are exercisable at a price of \$0.20 per share for a period of 2 years and 396,713 are exercisable at a price of \$0.15 per share for a period of 2 years.

On December 22, 2021, the Company closed its second and final tranche of its flow-through and non-flow-through private placements. The Company issued 1,725,002 NFT Units at a price of \$0.14 per NFT Unit

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for gross proceeds of \$241,500 and by issuing 12,100,002 FT Units at a price of \$0.15 per FT Unit for gross proceeds of \$1,815,000. Each NFT Unit is comprised of one non-flow-through common share and one-half of one non-flow-through warrant. Each FT Unit is comprised of one-flow through common share and one-half of one non-flow through warrant. The warrants for all units are the same with each whole warrant entitling the holder thereof to purchase one non-flow-through common share for a period of 2 years at a price of \$0.20. In addition, the Company incurred cash finders' fees of \$144,255 and issued 962,751 non-flow-through finders' warrants, with each warrant entitling the holder thereof to purchase one non-flow-through common share for a period of 2 years at a price of \$0.20.

**Year ended August 31, 2021**

During the year ended August 31, 2021, shares were issued for the following:

On December 10, 2020, the Company closed its non-brokered flow-through private placement issuing 13,144,567 Units at a price of \$0.18 per Unit for gross proceeds of \$2,366,022. Each Unit consisted of one flow-through common share and 1/2 a non-flow through share purchase warrant with each non-flow through share purchase warrant being exercisable for one common share at a price of \$0.25 per common share, expiring December 14, 2023. In addition, the Company incurred cash finders' fees of \$163,151, other cash issuance costs of \$31,415, and issued 906,392 finders' warrants with a fair value of \$148,285, exercisable at a price of \$0.18 per share for a period of 3 years. The fair value of the finder's warrants was calculated using the Black-Scholes Model and the following assumptions: share price – \$0.19; expected life – 3 years; volatility – 168.6%; discount rate - 0.34%; dividend rate - \$nil. No amounts were allocated to flow-through premium or to non-flow through warrants included in the Units.

During the year ended August 31, 2021, 9,490,900 warrants were exercised resulting in proceeds of \$1,072,104, and 200,000 options were exercised resulting in proceeds of \$20,000.

**Liquidity and Capital Resources**

The consolidated financial statements for the year ended August 31, 2022, 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 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, 2022, Equity Metals had cash on hand of \$497,520 and a current working capital of \$482,525 compared to cash on hand of \$1,787,472 and a working capital of \$1,844,149 at August 31, 2021. The net increase in cash for the period is due primarily to the Company's net receipts of \$3,377,090 from financing activities resulting from private placement proceeds of \$3,634,051, offset by net cash used in operations of \$4,669,096. On December 8, 2022, the Company announced a non-brokered Private Placement to raise up to \$2,500,000 with a 10% Greenshoe and will consist of units of Flow-through (\$0.12/unit), Charitable Flow-through (\$0.147/unit), and Non-Flow-through (\$0.10/unit), with each unit consisting of one share and one warrant to purchase a full non-flow through share at \$0.15/share for a period of three years. The gross proceeds of the flow-through and charitable flow-through will be used of work programs primarily at the Silver Queen Project.

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**Working Capital**

<b>As at</b>	<b>Aug 31, 2022</b>	<b>Aug 31, 2021</b>
	\$	\$
Current Assets	<b>579,389</b>	1,942,217
Current Liabilities	<b>96,864</b>	98,068
<b>Current Working Capital</b>	<b>482,525</b>	1,844,149

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

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**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, 2022 and 2021 available on its SEDAR at [www.sedar.com](http://www.sedar.com).

**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 years ended August 31, 2022 and 2021, respectively, is as follows:

	<b>August 31, 2022</b>	<b>August 31, 2021</b>
	\$	\$
Management and professional fees to related parties	72,284	62,968
General exploration fees to related parties	57,741	73,653
Share-based payments to related parties	272,624	644,833
	<b>402,649</b>	<b>781,454</b>

During the year ended August 31, 2022, \$47,829 (2021 - \$41,750), respectively, in accounting support services was charged by Malaspina Consultants Inc., a company controlled by Killian Ruby, the CFO and a director of the Company. Further, during the year ended August 31, 2022, the following amounts were charged to the Company by Manex Resource Group Inc., a company indirectly controlled, as of November 1, 2021, by Killian Ruby, the CFO and a director of the Company and prior to that a company controlled by Larry Page, the Chairman of the board of directors: (i) \$57,277 (2021 - \$61,441), respectively, being costs for general exploration services; (ii) \$60,000 (2021 - \$60,000), respectively, being costs for office rent services; (iii) \$29,395 (2021 - \$28,222) respectively, being costs for general office and administration support services; (iv) \$22,553 (2021 - \$49,970), respectively, being costs for legal and corporate secretarial support services; (v) \$104,835 (2021 - \$69,401), respectively, being costs for investor relation and promotion services and (vi) \$347 (2021 - \$7,836, respectively, being costs for corporate finance and associated services. During the year ended August 31, 2022, 100,000 options with an exercise price of \$0.08 per common share were exercised by Killian Ruby, the CFO and a director of the Company.

Included in current liabilities at August 31, 2022 is (i) \$21,134 (August 31, 2021 - \$40,202) due to related parties. These amounts are unsecured and due under normal business terms.

At August 31, 2022 a total of \$nil (August 31, 2021 - \$5,487) was owing from DHK Diamonds Inc., a company with officers and Directors in common has been included in receivables and prepaids. At August 31, 2022, \$7,021 (2021 - \$7,021) was included in receivables and prepaids for expense advances paid to the President and a Director of the Company.

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**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 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 15, 2022:

	<b>Number</b>
Issued and outstanding common shares	103,258,613
Share options with a weighted average exercise price of \$0.18	9,650,000
Share purchase warrants with a weighted average exercise price of \$0.14	53,509,930
<b>Fully Diluted</b>	<b>166,418,543</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 year ended August 31, 2022 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, industrial minerals 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

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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.

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.

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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.

Certain directors and officers of the Company are or may become associated with other natural resource companies which may give rise to conflicts of interest. In accordance with the Business Corporations Act (British Columbia), a director or senior officer who has a material interest in a contract or transaction or a proposed contract or transaction that is material to the Company, or a director or senior officer who is a director or senior officer of, or has a material interest in, a person who has a material interest in the contract or transaction, is required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract or transaction. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. However, circumstances (including with respect to future corporate opportunities) may arise which are resolved in a manner that is unfavourable to the Company. Further, the non-management directors of the Company have either other full-time employment or other business or time restrictions placed on them and accordingly, the Company will not be the only business enterprise of these persons and these persons will not devote all of their time to the business and affairs of the Company.

The Company is also subject to regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

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.

Companies in all industries, including the mining industry, are susceptible to cyber risk. The Company's primary operational exposure to cyber risk is with respect to proprietary geological, geochemical and exploration data and related models. The Company, similar to companies in all industries, is exposed to common place cyber risks such as, but not necessarily limited to, phishing, spam, fraudulent attacks, denial of service attacks, data loss, data theft, data corruption. The Company outsources its IT management to IT professionals who implement, among other controls and mitigation strategies, system access and authentication controls, transactional authentication, system activity logging, audit trails, "exception" handling, on-prem and off-prem backup and storage of the Company's data.

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*Russian-Ukrainian War*

On 24 February 2022, Russia began a military invasion of Ukraine which has resulted in multiple global impacts, including, but not limited to, a significant rise in fuel prices. The ultimate impacts to the Company are not determinable at this date, however, they could have a material impact on the Company's forecasted exploration work and the Company's financial position, results of operation and cash flows. The impacts to the Company's operations could include, but not necessarily be limited to: (i) significantly increased operational and subcontractor costs from rising fuel prices, (ii) increased food and subsistence costs, (iii) greater risk exposures in capital flows, trade and commodity markets worldwide and (iv) high inflation and uncertain financial markets. As at December 15, 2022, the Company has not been significantly impacted by the Russian-Ukrainian war, however, the full-extent of its impact on the Company's business remains uncertain.

*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 have not been significant to date but the full extent of potential impacts is not determinable at this point. Unknown or future impacts 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.