

ESSEX MINERALS INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the Nine Months Ended June 30, 2023

General

The following Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes for the nine months ended June 30, 2023 and 2022 and the audited financial statements and notes for the years ended September 30, 2022 and 2021. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional information relating to the Company can be found on the SEDAR website at www.sedar.com.

The MD&A was approved by the Board of Directors of the Company on August 21, 2023.

The head office and principal address of the Company is located at 3002-1211 Melville Street, Vancouver, BC V6E 0A7, and the registered and records office of the Company is located at 2500-700 W Georgia Street, Vancouver, BC V7Y 1B3.

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee. They do not include all of the information required for full annual financial statements.

Basis of Presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out in the September 30, 2022 audited consolidated financial statements. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except cash flow information.

All amounts are in Canadian dollars unless otherwise stated.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "progressing", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown risks, uncertainties and other factors, many of which are beyond the Company's ability to predict or control could cause actual results to differ materially from those contained in the forward-looking statements, which include, without limitation, commodity price volatility, changes in debt and equity markets, increases in costs, interest rate and exchange rate fluctuations, general economic conditions, the ability of the Company to receive continued financial support from related parties and to obtain public equity financing, the ability to generate profitable operations in the future, and the receipt of regulatory approvals on acceptable terms. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements.

Overview

The Company was incorporated on November 19, 2012 under the Business Corporations Act (British Columbia). The Company's principal business activity is the exploration of mineral properties. The Company currently conducts substantially all of its operations in Canada in one business segment.

The Company is a natural resource company focused on mineral exploration opportunities where it can adopt an option earn-in and joint venture model with proven technical teams which have already expended the time and capital to assemble exploration projects where drill targets have been identified.

On December 22, 2016, the Company received a receipt from the British Columbia Securities Commission for the long form prospectus dated December 20, 2016. On March 15, 2017, the Company completed an initial public offering and its shares were listed on the TSX Venture Exchange ("TSXV").

On March 16, 2021, the Company's common shares began being quoted on the OTCQB market under the stock symbol "ESXMF". In addition to its primary listing on the TSXV, the Company is also listed on the Frankfurt Stock Exchange under the trading symbol "EWX1".

Significant Events and Transactions

Private Placements

On October 7, 2022, the Company closed the second tranche of its non-brokered private placement of 3,750,000 units at \$0.02 per unit for aggregate proceeds of \$75,000. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable into one common share of the Company at a price of \$0.05 per share for a period of five years from the date of closing. In connection with the closing of the second tranche, the Company paid \$5,250 in finder's fee and issued 350,000 finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of \$0.05 per share for a period of five years from the date of closing.

On October 19, 2022, the Company closed the final tranche of its non-brokered private placement of 3,025,000 units at \$0.02 per unit for aggregate proceeds of \$60,500. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable into one common share of the Company at a price of \$0.05 per share for a period of five years from the date of closing. In connection with the closing of the second tranche, the Company paid \$1,570 finder's fee and issued 73,500 finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of \$0.05 per share for a period of five years from the date of closing.

In connection with the closing of the October 2022 second and third tranche private placements, the Company paid an aggregate of \$6,820 and issued an aggregate of 423,500 finder's warrants with a fair value of \$5,489 to various finders. Each finder's warrant is exercisable into one common share of the Company at a price of \$0.05 per share for a period of five years from the date of closing. The Company also incurred other share issuance costs of \$11,391. The Company recorded a total of \$23,700 of share issuance costs in relation to the October 2022 private placements.

Exploration and Evaluation Assets

The following table summarizes cumulative costs capitalized as exploration and evaluation assets as at June 30, by project and their nature:

	Cumberland	Mt. Turner	Compass Creek	Total
Property acquisition costs:				
Balance, June 30, 2023 and September 30, 2022	\$ 1,187,538	\$ 868,612	\$ 782,715	\$ 2,838,865
Exploration and evaluation expenditures:				
Balance, September 30, 2022	\$ (9,670)	\$ (3,474)	\$ 5,462	\$ (7,682)
Field expenses	317	12,502	-	12,819
Consulting	12,334	55,304	4,163	71,801
Geological	-	2,093	-	2,093
Maintenance	27,855	11,332	11,986	51,173
Balance, June 30, 2023	30,836	77,757	21,611	130,204
TOTAL	\$ 1,218,374	\$ 946,369	\$ 804,326	\$ 2,969,069

Australian exploration properties

On May 1, 2020, the Company signed an earn-in joint venture over three exploration properties in Australia selected for their potential to host large, high-grade gold deposits. The properties were assembled by a private Australian company KNX in the Georgetown region of Queensland and the Pine Creek region of the Northern Territory.

During the fiscal year 2021, the Company entered into an agreement to acquire 100% of KNX and revised the purchase terms of the KNX acquisition.

On April 5, 2022, the Company acquired all the issued and outstanding shares of KNX and its subsidiary IsMins, which holds an interest in Cumberland, Compass Creek and Mt. Turner Projects in Australia.

As a result of the acquisition, the Company has an 88% interest in the Cumberland and Compass Creek Projects and 100% of the Mt. Turner Project through its 100% ownership of KNX.

Cumberland

Five granted exploration permits covering 26,000 ha, 30 km from Georgetown, North Queensland, 70 km northwest of the former 3.5 million-ounce Kidston gold mine. The property has the potential to host high-grade epithermal gold mineralization and is currently held 88% by the Company and 12% by another Australian private company, AMD Resources Ltd. ("AMD"). The property requires additional soil sampling and geophysics to be completed to better define additional drill targets.

Compass Creek

Three granted exploration permits covering 6,400 ha in Pine Creek goldfield, 28 km north of Kirkland Lake's 2.5Mtpa Union Reefs mill. The property has the potential to host large high-grade orogenic gold mineralization and is currently held 88% by the Company and 12% by AMD.

Mt. Turner

Two granted exploration permits covering 6,000 ha, 30 km northeast of Cumberland with the potential to host high-grade epithermal gold mineralization and large bulk tonnage copper-molybdenum (with gold and silver) porphyry mineralization. This property is held 100% by the Company.

Mt. Turner earn-in agreement with Meryllion Resources Corporation "(Meryllion)"

On April 26, 2022, the Company reached terms with Meryllion for an option and earn-in joint venture on the Mt. Turner copper-molybdenum and Drummer Fault gold projects in north Queensland, Australia in exchange for a \$25,000 non-refundable option fee (received). In addition, the Company will grant Meryllion a 90-day option to conduct preliminary exploration on the properties. During this period, Meryllion needs to spend \$250,000 minimum on an initial drill target definition, and the Company will provide Meryllion with the geological teams and manage the recommended exploration programs for the properties.

The \$250,000 minimum spend was received and completed during the prior fiscal year 2022. Meryllion shall have the right to exercise its option by making a further \$75,000 payment to the Company. During the fiscal year 2022, Meryllion advised the Company that it intends to exercise its option and further advanced an additional \$96,988 for reimbursement of exploration expenditure.

As at June 30, 2023 and September 30, 2022, the total amounts received by the Company from Meryllion for reimbursement of exploration expenditure was \$371,988.

The terms of the Mt. Turner earn-in are as follows:

First stage: Upon exercising the option, Meryllion shall have the right to earn a 25% interest in the properties by spending a further \$400,000 on exploration within the first 12 months.

Second stage: Meryllion shall have the right to earn up to a further 26% interest in the properties by spending a further \$1,400,000 on exploration within the first 36 months after exercising the first stage option. Meryllion shall earn an additional 6.5% interest in the properties for each \$350,000 of expenditure.

Third stage: Meryllion shall have the right to earn up to a further 19% interest in the properties by spending a further \$2,000,000. Meryllion shall earn an additional 4.75% interest in the properties for each \$500,000 of expenditure.

Upon reaching a 70% interest in the properties at the completion of the third stage, exploration will be on a 70:30 basis.

As at June 30, 2023, Meryllion had not fulfilled the property expenditure required to earn its first stage interest. Consequently, the property remains 100% owned by Essex and alternative methods of funding exploration are being pursued.

Optegra Capital Corporation

The Company incorporated Optegra Capital Corp. ("Optegra") on April 13, 2021, in British Columbia, Canada as a new subsidiary to arrange financing for the gold stream projects and investments with respect to additional streams in the renewable energy sector.

The new company will be funded separately from the Company with the founding shares in the new venture to be distributed pro-rata to the Company's shareholders.

On September 22, 2021, the Company announced that management continues to negotiate a portfolio of renewable stream investments for Optegra, but that the planned spin-out timing has been impacted by the general pullback globally in international capital markets. As a result, no shares of Optegra have been distributed to the Company's shareholders during the nine months ended June 30, 2022 and the year ended September 30, 2022. Optegra Capital Corp. remained inactive during the nine months ended June 30, 2023, since its incorporation.

Loan Receivable with Premier Silver Corp.

On September 15, 2022, the Company signed an agreement with Premier Silver Corp. (“Premier”) to provide a loan in the aggregate amount of \$193,000 (USD\$140,000). The loan is secured and convertible for a period of three years. The Company would have an exclusive 90-day option from the date of the term sheet to negotiate and sign a definitive agreement to provide up to a further USD\$1,000,000 (“Royalty Purchase Payment”) to Premier in the form of a royalty production from Premier’s Mallay Mine. The loan shall accrue interest at 12% per year until any amount of principal and accumulated interest is repaid. If a definitive agreement is entered into, the USD\$140,000 shall form part of the Royalty Purchase Payment.

On December 15, 2022, the Company and Premier agreed to extend the exclusive 90-day option term for 60 days which expired unexercised. As at June 30, 2023, the Company and Premier are in discussion regarding repayment terms.

As at June 30, 2023, the loan receivable balance is \$185,360 (September 30, 2022 - \$192,844).

Summary of Periodic Results

The following table sets out selected quarterly information for the eight most recent quarters ended June 30, 2023:

	Jun 30, 2023 (Q3)	Mar 31, 2023 (Q2)	Dec 31, 2022 (Q1)	Sep 30, 2022 (Q4)	June 30, 2022 (Q3)	Mar 31, 2022 (Q2)	Dec 31, 2021 (Q1)	Sep 30, 2021 (Q4)
Net income (loss) and comprehensive income (loss)	(115,036)	(227,301)	(201,775)	(154,158)	(265,217)	(408,938)	(300,137)	(330,654)
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)

Results of Operations

	Three months ended June 30, 2023	Three months ended June 30, 2022	Nine months ended June 30, 2023	Nine months ended June 30, 2022
Expenses				
Depreciation	\$ 327	\$ 468	\$ 982	\$ 1,403
General and administration	16,267	20,189	72,274	46,356
Investor relations	-	46,345	22,593	183,859
Management and consulting fees	39,500	88,750	174,500	269,750
Professional fees	18,881	42,080	121,188	204,898
Property investigation costs	24,000	40,941	80,331	217,790
Regulatory and transfer agent fees	3,716	15,659	16,336	29,054
Travel and promotion	4,227	11,115	42,310	20,640
Total expenses	(106,918)	(265,547)	(530,514)	(973,750)
Other Items				
Interest income	264	172	1,382	1,509
Write-off of payable	-	-	-	1,145
Foreign exchange	(8,382)	(1,483)	(14,980)	(4,837)
Net income (loss)	\$ (115,036)	\$ (266,858)	\$ (544,112)	\$ (975,933)

Nine months ended June 30, 2023

The net loss for the nine months ended June 30, 2023 was \$544,112 compared to net loss of \$975,933 for the nine months ended June 30, 2022. Major variances are as follows:

- For the nine months ended June 30, 2023, general and administration fees were \$72,274 compared to \$46,356 for the prior year period. The increase is largely related to the new subscription of S&P Global database in the current year period.
- For the nine months ended June 30, 2023, investor relations fees were \$22,593 compared to \$183,859 for the prior year period. The decrease is largely related to termination of various investor relation services during the current period.
- For the nine months ended June 30, 2023, management and consulting fees were \$174,500 compared to \$269,750 for the prior year period. The decrease is largely related to the lower consulting fees paid during the current year period as a result of changes in the management. In addition, no director fees were recorded in the current period versus nine months of director fees from the prior year period.
- For the nine months ended June 30, 2023, professional fees were \$121,188 compared to \$204,898 for the prior year period. The decrease in professional fees is mainly due to higher fees incurred in the prior year period for legal services relating to the acquisition of KNX and Mt. Turner earn-in transaction.
- For the nine months ended June 30, 2023, property investigation costs were \$80,331 compared to \$217,790 for the prior year period. The decrease in property investigation costs is largely due to lower fees recorded in the current period in relation to the review of prospective financing and gold streaming opportunities.

Three Months ended June 30, 2023

The net loss for the three months ended June 30, 2023 was \$115,036 compared to a net loss of \$266,858 for the three months ended June 30, 2022. Major variances are as follows:

- For the three months ended June 30, 2023, investor relations fees were \$Nil compared to \$46,345 for the prior year quarter. The decrease is mainly related to the termination of investor relation services in the current quarter.
- For the three months ended June 30, 2023, management and consulting fees were \$39,500 compared to \$88,750 for the prior year quarter. The decrease is mainly related to the lower consulting fees paid during the current year period as a result of changes in the management. In addition, no director fees were recorded in the current quarter versus three months of director fees from the prior year quarter.
- For the three months ended June 30, 2023, professional fees were \$18,881 compared to \$42,080 for the prior year quarter. The decrease is mainly related to higher fees for legal services relating to KNX acquisition and Mt. Turner earn-in transaction in the prior year quarter.
- For the three months ended June 30, 2023, property investigation costs were \$24,000 compared to \$40,941 for the prior year quarter. The decrease in property investigation costs is largely due to lower fees recorded in the current quarter in relation to the review of prospective financing and gold streaming opportunities.

Liquidity and Capital Resources

As at June 30, 2023, the Company has current assets of \$102,031 and current liabilities of \$258,281 compared to current assets of \$709,744 and current liabilities of \$309,750 as at September 30, 2022. As at June 30, 2023, the Company has working capital deficit of \$156,250 compared to working capital of \$399,994 as at September 30, 2022.

Cash as at June 30, 2023 was \$23,977 compared to \$638,864 at September 30, 2022.

During October 2022, the Company closed the second and third tranche of the private placement, raising total of \$135,500 in gross proceeds through the issuance of 6,775,000 units at a price of \$0.02 per unit.

The Company has financed its operations primarily from proceeds from the sale of shares and debt.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the TSXV and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company plans to issue more securities at such time as it believes additional capital could be obtained on favourable terms. There can be no assurance that such funds can be available on favourable terms, if at all.

Outstanding Shares

As at June 30, 2023 and the date of this report, the Company has 88,178,783 common and outstanding shares.

As at June 30, 2023 the Company has 56,564,590 warrants outstanding and as the date of this report, the Company has 50,9144,500 warrants outstanding.

As at June 30, 2023 and the date of this report, the Company has 1,100,000 stock options outstanding and exercisable.

Related Party Balances and Transactions

Balances

As at June 30, 2023, the Company has \$162,500 (September 30, 2022 - \$105,723) due to related parties included in accounts payable and accrued liabilities. These amounts are unsecured, non-interest bearing and have no specified terms of repayment. These amounts are unsecured, non-interest bearing and have no specified terms of repayment.

Transactions

During the nine months ended June 30, 2023 and 2022, the Company has the following related party transactions:

	June 30, 2023	June 30, 2022
Management and consulting fees - former and current directors and officers	\$ 122,000	\$ 234,750
Prepaid fees	-	4,200
Property investigation costs	-	24,000
	\$ 122,000	\$ 262,950

Financial Instruments

The Company's financial instruments are exposed to certain financial risks, including liquidity risk, and interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. Refer to Note 1 of its condensed consolidated interim financial statements for further details related to the ability of the Company to continue as a going concern.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2023, the Company has a cash balance of \$23,977 (September 30, 2022 - \$638,864) to settle current liabilities of \$258,281 (September 30, 2022 - \$309,750). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

The Company's cash is held by large Canadian financial institutions. The Company's loan receivable is exposed to significant credit losses.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. An immaterial amount of interest rate exposure exists in respect of cash balances on the consolidated statement of financial position. As a result, the Company is not exposed to interest rate risk on its cash balances.

Foreign currency risk

Foreign currency exchange risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Since the Company's reporting currency is Canadian dollars and the Company and its subsidiaries have significant operations in Australia, the Company is exposed to foreign currency fluctuations on its reported amounts of assets and liabilities. This risk is not considered significant as most financial assets and liabilities are maintained in Canadian dollars. The Company's loan receivable is denominated in US dollars. If the Canadian dollar changes by 10% against the US dollar, it would result in a \$18,962 (September 30, 2022 - \$19,284) change in loss and comprehensive loss.

Fair value of Financial Instruments

The Company's financial instruments measured at fair value consist of cash and restricted cash. The carrying values of cash, restricted cash and accounts payable approximate their fair values due to their short-term nature. The carrying value of loan receivable approximates its fair value due to the existence of market-related interest rates on the instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of fair value hierarchy are:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices that are observable for the assets or liabilities either directly or indirectly; and
- Level 3 – inputs that are not based on observable market data.

Cash and restricted cash are classified as Level 1.

Capital Management

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

The capital structure of the Company consists of shareholder's equity, comprising issued capital and deficit. The Company is not exposed to any externally imposed requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Risks and Uncertainties

The Company has limited financial resources and there is no assurance that additional funding will be available to it for further development of its projects or to fulfil its obligations under applicable agreements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of the Company's intended business operations with the possible dilution or loss of such interest. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of intended business operations. There is no assurance that the Company can operate profitably or that it will successfully implement its plans.

The Company is in the development stage and has no operating earnings. The likelihood of success of the Company must be considered in light of the problems, expenses and difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Company operates at a loss and there is no assurance that the Company will ever be profitable.

Management Changes

On October 11, 2022, the Company announced the passing of its Vice President - Corporate Development, Mr. Patrick Harford.

On February 16, 2023, the Company announced the appointment of Mr. Rod Husband as President and Mr. Paul Loudon as Executive Chairman of the Company.

On April 3, 2023, the Company announced that Ms. Elena Tanzola has stepped down as a director and CFO of the Company. Mr. Vincent Savage, the company secretary of Essex's Australian subsidiaries, has agreed to join the board and take on the role of CFO for the Company.

Qualified Persons and Information Concerning Estimates of Mineral Projects

All of the scientific and technical information contained in this latest news releases have been reviewed and/or prepared by Mr. Richard Newport, BSc (Hons), MAIG (2182), a "Qualified Person" within the meaning of National Instrument 43-101 - Standards of Disclosure for Minerals Projects.

Other technical information contained in this MD&A has been summarized by the Company's Qualified Person at the time, Mr. Rod Husband, who supervised the preparation of, and approved, the scientific and technical information contained herein.

ESSEX MINERALS INC.
CORPORATE DATA
August 21, 2023

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CAPITALIZATION

Authorized:	Unlimited number of common shares, no par value
Issued:	88,178,783
Options:	1,100,000
Warrants:	50,914,500
Escrowed shares:	Nil

LISTINGS

TSX Venture Exchange
Trading Symbol: ESX.V
CUSIP #: 297133100