

**DEFENSE METALS CORP.****MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SECOND QUARTER ENDED SEPTEMBER 30, 2022**

(All amounts expressed in Canadian dollars, unless otherwise stated)

---

This Management Discussion and Analysis ("MD&A") presents an analysis of the financial position of Defense Metals Corp. ("Defense" or "DEFN" or the "Company") and prospects for the second quarter ended September 30, 2022. The MD&A should be read in conjunction with the condensed interim consolidated financial statements for the same reporting period, and the audited consolidated financial statements for the year ended March 31, 2022, and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in the Canadian dollar.

**Management's Responsibility**

The Company's management is responsible for the preparation and presentation of the financial statements and the MD&A. The financial statements have been prepared in accordance with International Financial Accounting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

**Forward-Looking Statements**

This MD&A may contain forward-looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of exploration or other risk factors beyond its control. Actual results may differ materially from the expected results.

Except for statements of historical fact, this MD&A contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this MD&A includes the further development of the Wicheeda Project, potential financings, future events and is subject to certain risks, uncertainties and assumptions. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the *forward-looking information*.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, which are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in commodity prices (including the price of rare earth elements); governmental regulation of the mining industry, including environmental regulation; geological, technical and drilling problems; unanticipated operating events; adverse weather and climate events; competition for and/or inability to retain drilling rigs, personnel and other services; the availability of capital on acceptable terms; failure to maintain or obtain all necessary government permits, approvals and authorizations; the impact of Covid-19 or other viruses and diseases on the Company's ability to operate; failure to maintain community acceptance (including First Nations); increase in costs; litigation; failure of counterparties to perform their contractual obligations; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for commodities; liabilities inherent in mining operations; changes in tax laws and incentive programs relating to the mining industry; and the other factors described herein under "Risks and Uncertainties" as well as in our public filings available at [www.sedar.com](http://www.sedar.com). Readers are cautioned that this list of risk factors should not be construed as exhaustive. Such forward-looking information reflects

**DEFENSE METALS CORP.**

**Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Second Quarter Ended September 30, 2022**

---

the Company's views with respect to future events and is subject to risks, uncertainties and assumptions, including the risks and uncertainties relating to the interpretation of exploration and metallurgical results, risks related to the inherent uncertainty of exploration, metallurgy and cost estimates, the potential for unexpected costs and expenses and those other risks filed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). While such estimates and assumptions are considered reasonable by the management of the Company, they are inherently subject to significant business, economic, competitive and regulatory uncertainties and risks.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

This MD&A is current as at November 29, 2022.

**Scientific and Technical Disclosure**

The scientific and technical information contained in this MD&A has been reviewed and approved by Kristopher J. Raffle, P.Geo. (BC) Principal and Consultant of APEX Geoscience Ltd. of Edmonton, AB, a Director of the Company and a "Qualified Person" as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

**BACKGROUND AND RESOURCE ESTIMATES**

The Company is an exploration and development stage company engaged in the acquisition and exploration of mineral properties with its focus on the Wicheeda Rare Earth Elements project located approximately 80 km northeast of the city of Prince George, British Columbia (the "Wicheeda Project"). The Wicheeda Project is 100% owned by the Company and is 4,244 hectares. The Preliminary Economic Assessment National Instrument 43-101 Technical Report on the Wicheeda Property, British Columbia, dated January 6, 2022 with an effective date of November 21, 2021 and prepared by SRK Consulting (Canada) Inc. is available under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

The Company's primary business objective is to successfully develop its key mineral project (the Wicheeda REE Project) and locate and develop this project into an economically viable mineral project. The Company is primarily an exploration and development company with no revenues from mineral producing operations. The recoverability of amounts shown for the mineral property and related deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration of the property, and upon future profitable production.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The impact of the COVID-19 pandemic has major implications for all economic activities, including that of the Company. At this time, it is not possible to predict the duration or magnitude of the adverse results of the outbreak, however, management believes that the impact to the Company will be limited mainly to the curtailment of travel and access to mineral projects due to travel and social distancing restrictions as well as its ability to raise financing. There has been no material disruption to the Company's current operations to date. The Company's current focus is on its project located in British Columbia, Canada and as a result, access to the property is not prohibited at the current time.

## DEFENSE METALS CORP.

### Management's Discussion and Analysis of Financial Condition and Results of Operations For the Second Quarter Ended September 30, 2022

---

#### QUARTERLY HIGHLIGHTS

- Further developed the Company's Wicheeda Project; see Wicheeda Option discussion below.
- Completed equity financings during the reporting period, and announced a \$6,000,000 private placement on November 22, 2022.

#### MINERAL PROPERTIES

##### Wicheeda Option

On November 22, 2018, the Company entered into an option agreement to acquire all the issued and outstanding shares of Spectrum Mining Corporation ("Spectrum") which is the beneficial and registered holder of 100% interest in six mining claims located in the Cariboo Mining Division of British Columbia, Canada known as the Wicheeda Rare Earth Element Project (the "Property"). In order to exercise the option, the Company must meet the following requirements:

- a) incur expenditures in respect of the Property totaling \$1,930,000 as follows:
  - i. \$680,000 within 12 months of the date of TSXV approval ("Effective Date") (fully incurred)
  - ii. an additional \$625,000 within 24 months of the Effective Date (fully incurred); and
  - iii. an additional \$625,000 within 36 months of the Effective Date (fully incurred).
- (b) pay to Spectrum an aggregate of \$370,000 as follows:
  - i. \$25,000 in cash (paid)
  - ii. \$95,000 in cash within five (5) business days of the Effective Date (paid)
  - iii. \$50,000 in cash on or before the first anniversary of the Effective Date (paid)
  - iv. \$100,000 in cash on or before the second anniversary of the Effective Date (paid)
  - v. \$100,000 in cash on or before the third anniversary of the Effective Date (paid)
- (c) issue to Spectrum:
  - i. 200,000 common shares of the Company on the Effective Date (issued)
  - ii. 400,000 in common shares of the Company on or before the first anniversary of the Effective Date (issued)

On January 14, 2022, the Company exercised its option and acquired 100% of the Wicheeda Rare Earth Element Project through the acquisition of 100% of the issued and outstanding shares of Spectrum through the following issuances and payment:

- (a) issued to the shareholders of Spectrum (the "Vendor") on a pro rata basis, such number of common shares of the Company equal to 49% of the issued and outstanding common shares on a post-issuance basis (78,115,549 common share issued), and
- (b) Paid \$100,000 in cash.
- (c) Issued 1,171,733 common shares pursuant to a finder's fee agreement with Mulgravian Ventures Corporation ("Mulgravian") entered into in connection with the November 22, 2018 option agreement.

**DEFENSE METALS CORP.**

**Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Second Quarter Ended September 30, 2022**

---

The acquisition was considered to be outside the scope of IFRS 3 Business Combinations (“IFRS 3”) since Spectrum’s operations did not meet the definition of a business for accounting purposes and as such, the acquisition was accounted for as an asset acquisition.

The consideration for the asset acquisition, and the related assets and liabilities acquired at January 14, 2022 are as follows:

<b>Consideration paid to acquire Spectrum shares:</b>	<b>\$</b>
Cash paid to Spectrum shareholders	100,000
Fair value of shares issued to Spectrum shareholders	17,575,999
Fair value of shares issued to Mulgravian	263,640
Total fair value of consideration	<u>17,939,639</u>
Allocated as follows to Spectrum assets and liabilities:	
Cash	41
Other receivables	1,224
Exploration and evaluation asset	17,938,374
Net assets acquired	<u>17,939,639</u>

The Wicheeda Property is subject to a 2.0% net smelter returns royalty (“NSR Royalty”) payable upon the commencement of any commercial production. The Company shall have the irrevocable right to purchase one-half (1/2) of the NSR Royalty from the Vendors, on a basis pro rata to their prior shareholdings in Spectrum (being 1.0% of Net Smelter Returns) for \$1,000,000, leaving the Vendors with an aggregate 1.0% NSR Royalty.

On January 8, 2019, the Company announced collection of a 30 tonne surface bulk sample from the Wicheeda Deposit, which was shipped to SGS Minerals Lakefield, ON (“SGS”) facility. The bulk sample was to provide REE mineralized feed material for a for multi-phase program of bench-scale metallurgical testwork preparatory to commissioning larger scale flotation pilot plant testing. Subsequent composite head assay results announced March 14, 2019 for the 30 tonne bulk sample yielded 1.77% lanthanum-oxide, 2.34% cerium-oxide, 0.52% neodymium-oxide, and 0.18% praseodymium-oxide, for a total of 4.81% LREO (light rare-earth oxide).

On October 23, 2019 the Company announced the results from a total of 40 batch flotation tests competed by SGS designed to produce an optimized Wicheeda process flowsheet through iterative test procedures with varying process conditions informed the final Locked-Cycle Test (“LCT”) that successfully produced (**Table 1**):

- 48.7% total rare earth oxide (TREO) high grade concentrate of cerium, lanthanum, neodymium, and praseodymium oxides ( $Ce_2O_3+La_2O_3+Nd_2O_3+ Pr_2O_3$ )
- 85.7% TREO metallurgical recovery
- 10.1 times upgrading ratio from head grade of 4.81% TREO
- 8.2% concentrate mass yield

**DEFENSE METALS CORP.**

**Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Second Quarter Ended September 30, 2022**

**Table 1: Wicheeda Rare Earth Deposit Locked-Cycle Test Results**

Combined Products	Weight		Assays %					Global Distribution %				
	g	%	Ce <sub>2</sub> O <sub>3</sub>	La <sub>2</sub> O <sub>3</sub>	Nd <sub>2</sub> O <sub>3</sub>	Pr <sub>2</sub> O <sub>3</sub>	REO	Ce <sub>2</sub> O <sub>3</sub>	La <sub>2</sub> O <sub>3</sub>	Nd <sub>2</sub> O <sub>3</sub>	Pr <sub>2</sub> O <sub>3</sub>	REO
LCT-1 REE 3rd CI Conc	1,050	8.2	23.7	17.9	5.26	1.84	48.7	85.4	86.6	85.6	82.0	85.7
LCT-1 REE 1st CI Scav Tail	2,093	16.4	0.47	0.32	0.09	0.03	0.91	3.4	3.1	3.0	3.0	3.2
LCT-1 REE Ro Scav Tail	9,643	75.4	0.34	0.23	0.08	0.04	0.69	11.3	10.3	11.4	15.0	11.1
Total Feed	12,786	100	2.28	1.70	0.50	0.18	4.66	100	100	100	100	100
Direct Feed			2.34	1.77	0.52	0.18	4.81					

On December 12, 2019 the Company announced assay results for the final two drill holes of the recently completed 2019 resource definition diamond drill program. The 2019 Wicheeda REE Deposit drill program, which commenced August 12, 2019, comprised 13 diamond drill holes totalling 2,007.5 metres. Drill hole WI19-31 (-55° dip / 275° azimuth) was drilled to test the northern extension of the Wicheeda REE Deposit and returned 4.43% Light Rare Earth Oxide (LREO; being cerium, lanthanum, neodymium, praseodymium, and samarium oxides (Ce<sub>2</sub>O<sub>3</sub> + La<sub>2</sub>O<sub>3</sub> + Nd<sub>2</sub>O<sub>3</sub> + Pr<sub>2</sub>O<sub>3</sub> + Sm<sub>2</sub>O<sub>3</sub>) over a drill core interval of 83 metres; including an interval assaying 5.47% LREO over a drill core interval of 33 metres<sup>1</sup>; the highest grade drill intercepts to date at the Wicheeda Project (**Table 2**).

**Table 2: Significant Wicheeda REE Project 2019 Diamond Drill Intercepts**

Hole ID	From (m)	To (m)	Interval (m)	Ce <sub>2</sub> O <sub>3</sub> (%)	La <sub>2</sub> O <sub>3</sub> (%)	Nd <sub>2</sub> O <sub>3</sub> (%)	Pr <sub>2</sub> O <sub>3</sub> (%)	Sm <sub>2</sub> O <sub>3</sub> (%)	LREO (%)
WI19-20	4.6	68.8	64.2	2.1	1.54	0.46	0.18	0.04	4.32
WI19-21	3.9	114	110.1	1.57	1.16	0.36	0.14	0.04	3.26
WI19-22	7	113	106	1.31	0.98	0.28	0.11	0.03	2.71
WI19-23	4	109	105	1.49	1.14	0.34	0.13	0.03	3.12
WI19-24	2.9	83	80.1	1.18	0.83	0.29	0.1	0.03	2.43
WI19-25	1.1	143.4	142.3	1.08	0.78	0.24	0.09	0.03	2.22
including	1.1	25	23.9	1.89	1.42	0.39	0.14	0.04	3.87
and	60	83	23	1.9	1.42	0.43	0.15	0.04	3.93
WI19-26	1.8	128	126.2	1.34	1.07	0.29	0.1	0.03	2.82
including	32	80	48	1.99	1.61	0.42	0.15	0.04	4.21
WI19-27	2	120.3	118.3	1.22	0.92	0.27	0.1	0.03	2.54
WI19-28	3.2	72.6	69.5	1.17	0.9	0.27	0.1	0.03	2.46
WI19-29	73	162	89	1.44	1.07	0.35	0.12	0.04	3.01
WI19-30	47	177.8	130.8	1.24	0.91	0.31	0.11	0.03	2.59
including	47	74	27	2.11	1.59	0.5	0.18	0.05	4.43
WI19-31	55.7	138.5	82.9	2.08	1.6	0.51	0.19	0.05	4.43
including	64	97	33	2.58	1.96	0.64	0.23	0.06	5.47
WI19-32	86	114	28	1.25	1.01	0.3	0.11	0.03	2.71
and	142	217	75	1.74	1.33	0.37	0.14	0.04	3.63
including	151	209	58	1.92	1.49	0.4	0.16	0.04	4.01

**DEFENSE METALS CORP.**

**Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Second Quarter Ended September 30, 2022**

On February 18, 2020, the Company announced final bench-scale hydrometallurgical test program results from SGS. Samples of Wicheeda flotation concentrate used in a hydrometallurgical test program led to the successful development of a flowsheet capable of processing the concentrate to a high grade mixed REE hydroxide precipitate. Significant results of the hydrometallurgical test program include:

- Initial processing via mild hydrochloric acid leach to extract gangue minerals while leaving REE (Rare Earth Elements) in the leach residue.
- High REE extraction from flotation concentrate of ~ 90% into a chloride-based leach solution with opportunities identified to increase recoveries even further.
- Simple treatment of the leach solution with limestone achieved high (94-100%) removal of impurities such as iron, phosphorous, and thorium with only minor (2-4 %) REE losses.
- Simple treatment of purified liquor with hydrated lime led to the production of a high grade 67.5% TREE (Total REE, see **Table 3** for detailed composition) mixed REE hydroxide precipitate at high (99-100%) Critical REE recovery from solution.
- Overall recoveries of 70-75% TREE from bulk sample to a high grade mixed REE hydroxide precipitate, and up to 76-78% TREE with reprocessing of the final leach residue.
- Regeneration of 20% (w/w) hydrochloric acid from final process liquors for re-use in the leaching operation.

**Table 3: Final REE Hydroxide Product Assay**

REE Hydroxide Precipitate (g/t)		REE Hydroxide Precipitate (%)	
La	224000	Si	0.26
Ce	333000	Al	0.06
Pr	27500	Fe	0.03
Nd	76400	Mg	<0.01
Sm	7210	Ca	0.03
Eu	1606	Na	-
Gd	3720	K	<0.01
Tb	260	Ti	<0.01
Dy	718	P	<0.01
Ho	51.6	Mn	0.02
Y	<700		
Er	55		
Tm	2.6		
Yb	4.1		
Lu	<0.5		
Sc	<40		
Th	5.4		
U	2		
TREE (%)	67.5		
LREE (%)	66.8		
HREE (%)	0.7		

On August 4, and August 13, 2020, the Company announced the results of a total of 20 pilot plant processing runs with respect to flotation pilot plant processing of the Wicheeda bulk sample. Mass balance assay results for the confirmatory stages of the pilot plant are presented in **Table 5 below**. Highlights of the recently completed bulk sample flotation pilot plant are:

**DEFENSE METALS CORP.**

**Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Second Quarter Ended September 30, 2022**

- 26 tonnes bulk sample feed processed over 178 hours of operation
- Approximately 1,200 kg of high-grade REE flotation concentrate produced (dry weight at ~15% moisture content)
- Process run concentrate grades ranging from 45.4% up to 56.7% LREO (light rare earth oxide expressed as the sum of light rare earth elements expressed as oxides  $Ce_2O_3+La_2O_3+Nd_2O_3+Pr_2O_3$ )
- Process recovery ranging from 53.8% up to 81.5% LREO
- Average REO recovery was 77.3%, in concentrate grading 51.6% LREO with a mass pull of 7.0% from pilot runs PP14 to PP16C (the confirmatory stages of the pilot plant)

**Table 5: Wicheeda Flotation Pilot Plant Confirmatory Mass Balance Results**

Pilot Run	Weight %	Assay %					% Distribution (Recovery)				
		$Ce_2O_3$	$La_2O_3$	$Nd_2O_3$	$Pr_2O_3$	LREO Concentrate Grade	$Ce_2O_3$	$La_2O_3$	$Nd_2O_3$	$Pr_2O_3$	LREO
PP-16C	7.1	25.73	19.98	5.74	2.03	53.47	76.97	78.27	77.03	78.12	77.60
PP-16A	7.4	24.22	18.58	5.41	1.90	50.11	77.39	78.19	76.44	83.81	78.96
PP-15D	7.3	23.90	18.36	5.28	1.84	49.38	79.90	81.26	81.95	82.71	81.46
PP-15C	6.8	26.40	20.15	5.80	2.03	54.39	78.72	80.44	81.40	75.98	79.13
PP-15B	6.3	24.75	18.88	5.43	1.94	51.00	69.27	70.86	69.92	68.53	69.64
PP-14	6.8	24.8	19.1	5.52	1.93	51.3	76.5	78.5	77.9	74.3	76.8

On February 16, March 1, and May 11, 2021, the Company announced the results of ongoing pre-pilot hydrometallurgical test work. Highlights of the additional infill hydrometallurgical test results are as follows:

- Increased REE extraction from 91.5% to 97.3% from flotation concentrate (~75% from bulk sample feed) into a chloride-based leach solution compared to initial testing (CC-21, Table 6)
- Decreased REE losses via milder gangue leach compared to the base-case flowsheet
- Simplification of flowsheet by removing re-grind step and reducing caustic dosage on re-crack (CC-20) yielded comparable REE extraction of 95.8% from flotation concentrate (~74% from bulk sample feed)

**Table 6: Comparison of 2019/2020 and 2021 Hydrometallurgical Nd Recoveries**

Initial Bench Program (2019-2020)	Stage Extraction (Nd)	Nd Recovery from Bulk Sample Feed	Nd Recovery from Conc.
Ore			
Flotation Conc.	86%	85.7%	100%
Gangue Leach	8%		
Caustic Crack 1	100%		
Acid Leach 1	91%	71.7%	83.7%
Caustic Crack 2	100%		
Acid Leach 2	86%	77.8%	91.5%

**DEFENSE METALS CORP.****Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Second Quarter Ended September 30, 2022**

<b>Second Bench Program (2020-2021) CC21 Data Set</b>	<b>Stage Extraction (Nd)</b>	<b>Nd Recovery from Bulk Sample Feed</b>	<b>Nd Recovery from Conc.</b>
Ore			
Flotation Conc.	77%	77.3%	100%
Gangue Leach	0%		
Caustic Crack 1	0%		
Acid Leach 1	89%	68.6%	88.7%
Caustic Crack 2	0%		
Acid Leach 2	76%	75.2%	<b>97.3%</b>

On March 23, 2021, the Company announced that it received requests from two interested third-party REE processors for samples of Wicheeda mineral concentrate for the purposes of evaluation prior to entering discussions with respect to the negotiation of an initial memorandum of understanding (MOU) and subsequent potential mineral concentrate offtake agreements. Defense Metals initiated the process of preparing Canadian government export permit documentation required to export these critical REE mineral concentrate samples internationally. The Company announced a further two requests for mineral concentrate samples on April 12, 2021. The export permit was granted by the Canadian government in the period ended September 30, 2022, but in the interim processing time the associated license expired such that the Company will be required to re-apply for the license if it elects to proceed with any sample shipments.

On August 10, 2021, The Company announced the execution of a non-binding Memorandum of Understanding (“MOU”) with Sinosteel Equipment & Engineering Co., Ltd (“Sinosteel MECC”), a subsidiary of Sinosteel Corporation, consisting of information sharing, beneficiation test work and potential concentrator design research cooperation, and an investigation into the establishment of an on-site large-scale pilot plant at the Wicheeda Rare Earth Property (“Wicheeda”) to assess the economic and technical feasibility of full-scale mine development. As of the date hereof, there has been minimal progress and work carried out with Sinosteel MECC.

On November 8, 2021, the Company announced completion of diamond drilling of a total of 5,349 metres in 29 holes designed to expand the deposit and further upgrade existing resource to measured and indicated categories. On April 27, 2022, the Company announced the final drill results from this 5,349 metres of drilling.

On November 24, 2021, as amended January 6, 2022, the Company announced its updated mineral resource estimate (MRE) and Preliminary Economic Assessment NI 43-101 Technical Report for the Wicheeda REE Project (the “Technical Report”) had been filed on SEDAR. The Technical Report, which is dated January 6, 2022, has an effective date of November 7, 2021, and is entitled “Preliminary Economic Assessment for the Wicheeda Rare Earth Element Project” and was prepared by SRK Consulting (Canada) Inc. Summary financial results and assumptions from the PEA (**Table 7**) include:

**DEFENSE METALS CORP.**

**Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Second Quarter Ended September 30, 2022**

**Table 7: Wicheeda PEA Summary**

Project Metric	Units	Current
Pre-tax NPV @ 8%	\$K (CAD)	\$760,585
Post-tax NPV @ 8%	\$K (CAD)	\$516,500
Pre-tax IRR	% (real)	22%
Post-tax IRR	% (real)	18%
Undiscounted After-tax Cashflow (LOM)	\$K (CAD)	\$1,668,640
Payback Period from start of production	Years	5
Initial Capital Expenditure	\$K (CAD)	\$440,068
Maximum Production Rate	mtpa	1.8
Mine Life	years	16
Average Production Rate after Ramp-up	mtpa	1.73
Mill Feed for Concentrate Sales	tonnes	5,416,388
Mill Feed for HM Plant Precipitate Sales	tonnes	20,712,812
Life Mine ROM Grade	% REO in mill feed	2.33%
Life of Mine Strip Ratio	Waste:Mill feed	1.75
Net Revenue From Concentrate	\$K (CAD)	\$862,520
Net Revenue From Precipitate	\$K (CAD)	\$5,236,095
Operating Margin	%	60%
Total Unit Operating Costs	\$(CAD)/t Total Mill feed	\$90.64

The updated MRE for Wicheeda represents a 36% increase on a contained metal basis in comparison to the prior 2020 MRE due to the estimation of additional economically significant medium and heavy REE's and a lower cut-off grade established based on consideration of TREO and concentrate payable, metallurgical recovery, and operating cost assumptions. The updated MRE comprises a 5.0 million tonnes Indicated Mineral Resource, averaging 2.95% TREO (Total Rare Earth Oxide: CeO<sub>2</sub>, La<sub>2</sub>O<sub>3</sub>, Nd<sub>2</sub>O<sub>3</sub>, Pr<sub>6</sub>O<sub>11</sub>, Sm<sub>2</sub>O<sub>3</sub>, Eu<sub>2</sub>O<sub>3</sub>, Gd<sub>2</sub>O<sub>3</sub>, Tb<sub>4</sub>O<sub>7</sub>, Dy<sub>2</sub>O<sub>3</sub> and Ho<sub>2</sub>O<sub>3</sub>), and a 29.5 million tonnes Inferred Mineral Resource, averaging 1.83% TREO, reported at a cut-off grade of 0.5% TREO within a conceptual Lerchs-Grossman (LG) pit shell and is provided in **Table 8**.

**Table 8: Wicheeda Mineral Resource (effective date November 7, 2021)**

Category	Tonnes (Million)	TREO (%)	TREO (kt)	CeO <sub>2</sub> (%)	La <sub>2</sub> O <sub>3</sub> (%)	Pr <sub>6</sub> O <sub>11</sub> (%)	Nd <sub>2</sub> O <sub>3</sub> (%)	Sm <sub>2</sub> O <sub>3</sub> (ppm)	Gd <sub>2</sub> O <sub>3</sub> (ppm)	Eu <sub>2</sub> O <sub>3</sub> (ppm)	Dy <sub>2</sub> O <sub>3</sub> (ppm)	Tb <sub>4</sub> O <sub>7</sub> (ppm)	Ho <sub>2</sub> O <sub>3</sub> (ppm)
Indicated	5.0	2.95	148	1.44	1.04	0.11	0.30	296	126	60	33	11	3
Inferred	29.5	1.83	539	0.89	0.61	0.08	0.21	240	112	50	32	10	4

**Notes for Resource Table:**

- The MRE was prepared by Warren Black, M.Sc., P.Geo. of APEX Geoscience Ltd under the supervision of the QP, André M. Deiss, Bsc (Hons), Pri.Sci.Nat. of SRK Consulting (Canada) Inc., in accordance with CIM Definition Standards.
- The MRE is classified according to the CIM "Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines" dated November 29th, 2019, and CIM "Definition Standards for Mineral Resources and Mineral Reserves" dated May 10th, 2014.
- Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There is no guarantee that any part of the mineral resources discussed herein will be converted to a mineral reserve in the future.
- All figures are rounded to reflect the relative accuracy of the estimates. Total may not sum due to rounding.
- Mean rock densities supported by 795 measurements applied: 2.94 g/cm<sup>3</sup> (dolomite-carbonatite), 2.87 g/cm<sup>3</sup> (xenolithic-carbonatite), 2.70 g/cm<sup>3</sup> (syenite), and 2.74 g/cm<sup>3</sup> (limestone).

**DEFENSE METALS CORP.**

**Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Second Quarter Ended September 30, 2022**

- The reasonable prospect for eventual economic extraction is met by reporting the Mineral Resources at a cut-off grade of 0.50% TREO (total rare earth oxide, sum of 10 oxides: CeO<sub>2</sub>, La<sub>2</sub>O<sub>3</sub>, Nd<sub>2</sub>O<sub>3</sub>, Pr<sub>6</sub>O<sub>11</sub>, Sm<sub>2</sub>O<sub>3</sub>, Eu<sub>2</sub>O<sub>3</sub>, Gd<sub>2</sub>O<sub>3</sub>, Tb<sub>4</sub>O<sub>7</sub>, Dy<sub>2</sub>O<sub>3</sub> and Ho<sub>2</sub>O<sub>3</sub>), contained within a Lerchs-Grossman (LG) optimized pit shell
- The cut-off grade is calculated, and the LG pit is optimized based on the assumption that the hydrometallurgical processes can produce mixed REE carbonate precipitates. The parameters utilized include the following considerations:
  - TREO price: \$18.66/kg
  - Exchange rate of 1.30 C\$:US\$
  - Precipitate production grades of 81.09% of TREO
  - Processing cost includes \$21.47/t of mill feed for flotation plus a variable cost for hydrometallurgical plant that varies based on the feed grade. The average cost of hydrometallurgical plant is assumed to be \$1,204/t of concentrate.
  - Mining cost of C\$2.00/t for mill feed and waste
  - G&A Costs included in the processing cost is C\$6M/yr.
  - The overall process recoveries: For TREO>=2.3%, recovery is 69.6%; between 2.3% and 1.5% TREO, recovery is 65.3%; and less than 1.5% TREO, recovery is 52.2%. These assume variable flotation recoveries and a constant 87% hydrometallurgical recovery.
  - Overall pit slope angles vary by zone between 40 and 48 degrees

On April 27, 2022 the Company announced the final drill results from its previously announced 29 hole, 5,349 metre diamond drill program completed during fall 2021 (Table 8)

**Table 8. Wicheeda REE Deposit 2021 Diamond Drill Intercepts**

Hole ID	From (m)	To (m)	Interval (m)	TREO <sup>1</sup> (%)	Ce <sub>2</sub> O <sub>3</sub> (%)	La <sub>2</sub> O <sub>3</sub> (%)	Nd <sub>2</sub> O <sub>3</sub> (%)	Pr <sub>2</sub> O <sub>3</sub> (%)	Sm <sub>2</sub> O <sub>3</sub> (ppm)	Gd <sub>2</sub> O <sub>3</sub> (ppm)	Eu <sub>2</sub> O <sub>3</sub> (ppm)	Dy <sub>2</sub> O <sub>3</sub> (ppm)	Tb <sub>4</sub> O <sub>7</sub> (ppm)	Ho <sub>2</sub> O <sub>3</sub> (ppm)
<b>WI21-33 (350/-80)</b>	<b>5.00</b>	<b>201.00</b>	<b>196</b>	<b>3.17</b>	1.52	1.07	0.37	0.13	382	181	81	42	14	4
<i>including</i>	<b>5.00</b>	<b>55.25</b>	<b>50.25</b>	<b>3.63</b>	1.74	1.26	0.41	0.14	396	181	84	52	16	6
<i>including</i>	<b>146.00</b>	<b>201.00</b>	<b>55.00</b>	<b>4.29</b>	2.07	1.48	0.47	0.17	489	232	112	52	18	5
<b>WI21-34 (040/-55)</b>	<b>3.00</b>	<b>117.00</b>	<b>114.00</b>	<b>2.97</b>	1.46	1.02	0.33	0.11	323	134	58	23	9	2
<i>including</i>	<b>3.00</b>	<b>70.00</b>	<b>67.00</b>	<b>3.84</b>	1.89	1.34	0.41	0.15	379	160	69	29	11	3
<b>WI21-35 (080/-55)</b>	<b>1.20</b>	<b>121.00</b>	<b>119.80</b>	<b>3.87</b>	1.87	1.34	0.43	0.15	434	200	88	52	17	6
<b>WI21-36 (108/-80)</b>	<b>1.10</b>	<b>174.00</b>	<b>172.90</b>	<b>2.34</b>	1.14	0.78	0.27	0.09	293	134	59	35	11	4
<i>including</i>	<b>1.10</b>	<b>35.65</b>	<b>34.55</b>	<b>3.45</b>	1.66	1.21	0.38	0.13	374	170	72	37	13	4
<i>including</i>	<b>136.00</b>	<b>174.00</b>	<b>38.00</b>	<b>3.02</b>	1.46	1.05	0.33	0.12	337	157	68	40	13	4
<b>WI21-37 (108/-45)</b>	<b>2.00</b>	<b>139.85</b>	<b>137.85</b>	<b>3.19</b>	1.56	1.10	0.35	0.12	351	144	66	30	11	3
<i>including</i>	<b>2.00</b>	<b>57.00</b>	<b>55.00</b>	<b>4.00</b>	1.96	1.38	0.42	0.15	427	164	76	35	12	3
<b>WI21-38 (220/-70)</b>	<b>1.35</b>	<b>82.00</b>	<b>80.65</b>	<b>3.08</b>	1.50	1.07	0.33	0.12	346	154	70	40	13	4
<i>including</i>	<b>1.35</b>	<b>24.75</b>	<b>23.4</b>	<b>6.01</b>	2.91	2.14	0.62	0.23	607	246	114	60	20	6
<b>WI21-39 (285/-60)</b>	<b>4</b>	<b>114</b>	<b>110</b>	<b>2.62</b>	1.28	0.87	0.30	0.10	320	158	73	42	13	5

<sup>1</sup>TREO % sum of CeO<sub>2</sub>, La<sub>2</sub>O<sub>3</sub>, Nd<sub>2</sub>O<sub>3</sub>, Pr<sub>6</sub>O<sub>11</sub>, Sm<sub>2</sub>O<sub>3</sub>, Eu<sub>2</sub>O<sub>3</sub>, Gd<sub>2</sub>O<sub>3</sub>, Tb<sub>4</sub>O<sub>7</sub>, Dy<sub>2</sub>O<sub>3</sub> and Ho<sub>2</sub>O<sub>3</sub>. The true width of REE mineralization is estimated to be 70-100% of the drilled interval.

**DEFENSE METALS CORP.**

**Management's Discussion and Analysis of Financial Condition and Results of Operations**

**For the Second Quarter Ended September 30, 2022**

<i>and</i>	114	224.8	110.8	0.72	0.35	0.21	0.10	0.03	129	75	31	30	8	4
<b>WI21-40 (345/-65)</b>	<b>2.75</b>	<b>165</b>	<b>162.25</b>	<b>3.23</b>	1.57	1.11	0.36	0.13	370	158	70	39	13	4
<i>including</i>	<b>2.75</b>	<b>47.5</b>	<b>44.75</b>	<b>4.21</b>	2.05	1.46	0.46	0.16	452	197	92	61	18	7
<i>including</i>	<b>96</b>	<b>167</b>	<b>71</b>	<b>3.67</b>	1.79	1.26	0.41	0.14	411	173	75	35	13	3
<b>WI21-43 (045/-85)</b>	<b>10.75</b>	<b>124.1</b>	<b>113.35</b>	<b>0.55</b>	0.26	0.17	0.07	0.02	121	84	33	35	9	5
<b>WI21-44 (240/-60)</b>	<b>17.5</b>	<b>125.6</b>	<b>108.1</b>	<b>1.72</b>	0.83	0.57	0.20	0.07	266	141	69	47	14	6
<i>including</i>	<b>35</b>	<b>89</b>	<b>54</b>	<b>2.59</b>	1.24	0.87	0.29	0.10	384	205	102	70	20	9
<b>WI21-45 (240/-75)</b>	<b>47.8</b>	<b>106.9</b>	<b>59.1</b>	<b>1.46</b>	0.67	0.51	0.17	0.06	230	134	83	43	13	6
<i>including</i>	<b>47.8</b>	<b>74</b>	<b>26.2</b>	<b>2.48</b>	1.13	0.88	0.29	0.10	384	225	151	67	21	8
<b>WI21-46 (190/-50)</b>	<b>18.9</b>	<b>135.3</b>	<b>116.4</b>	<b>1.66</b>	0.80	0.56	0.20	0.06	229	108	47	28	9	3
<i>including</i>	<b>48</b>	<b>90</b>	<b>42</b>	<b>2.27</b>	1.09	0.79	0.25	0.09	271	112	48	22	8	2
<i>including</i>	<b>117.55</b>	<b>135.3</b>	<b>17.75</b>	<b>2.32</b>	1.12	0.74	0.30	0.09	350	170	75	42	14	5
<b>WI21-47 (280/-60)</b>	<b>17</b>	<b>98.36</b>	<b>81.36</b>	<b>0.58</b>	0.28	0.18	0.08	0.02	108	67	30	29	7	4
<b>WI21-48 (145/-45)</b>	<b>12</b>	<b>188</b>	<b>176</b>	<b>2.50</b>	1.22	0.84	0.29	0.10	306	130	57	27	10	3
<i>including</i>	<b>12</b>	<b>32</b>	<b>20</b>	<b>6.15</b>	2.98	2.11	0.69	0.24	669	311	142	80	25	9
<b>WI21-49 (190/-70)</b>	<b>33</b>	<b>183</b>	<b>150</b>	<b>3.79</b>	1.80	1.36	0.41	0.14	430	197	86	45	16	5
<i>including</i>	82	142	60	4.77	2.28	1.71	0.51	0.18	520	228	103	54	18	5
<b>WI21-50 (215/-50)</b>	<b>23</b>	<b>149.7</b>	<b>126.7</b>	<b>1.60</b>	0.76	0.55	0.18	0.06	205	110	47	34	10	4
<i>including</i>	50.35	85.65	35.3	3.34	1.59	1.23	0.33	0.12	341	166	72	40	13	4
<b>WI21-51 (030/-55)</b>	<b>4.25</b>	<b>92.7</b>	<b>88.45</b>	<b>2.47</b>	1.18	0.88	0.26	0.09	267	127	56	25	9	3
<i>and</i>	<b>92.7</b>	<b>251</b>	<b>158.3</b>	<b>1.27</b>	0.62	0.39	0.17	0.05	206	103	46	32	9	4
<b>WI21-52 (260/-45)</b>	<b>3.25</b>	<b>72.8</b>	<b>69.55</b>	<b>3.31</b>	1.58	1.16	0.37	0.13	395	188	84	53	17	6
<b>WI21-53 (260/-65)</b>	<b>2.7</b>	<b>83</b>	<b>80.3</b>	<b>3.06</b>	1.48	1.08	0.32	0.12	319	148	68	37	13	4
<b>WI21-54 (320/-45)</b>	<b>2.4</b>	<b>147</b>	<b>144.6</b>	<b>3.06</b>	1.48	1.10	0.31	0.12	306	132	61	32	11	3
<b>WI21-55 (320/-65)</b>	<b>2.2</b>	<b>119</b>	<b>116.8</b>	<b>3.81</b>	1.85	1.36	0.39	0.15	364	169	77	36	13	4
<i>including</i>	<b>2.2</b>	<b>41</b>	<b>38.8</b>	<b>4.33</b>	2.11	1.51	0.46	0.17	459	208	92	45	16	5
<i>including</i>	<b>67</b>	<b>104.5</b>	<b>37.5</b>	<b>4.87</b>	2.36	1.79	0.47	0.18	403	188	87	39	14	4
<b>WI21-56 (065/-45)</b>	<b>5.35</b>	<b>56.5</b>	<b>51.15</b>	<b>3.56</b>	1.74	1.27	0.35	0.14	323	140	66	33	11	3
<i>and</i>	<b>56.5</b>	<b>225.2</b>	<b>168.7</b>	<b>1.41</b>	0.69	0.47	0.16	0.06	196	89	43	20	7	2
<b>WI21-57 (290/-50)</b>	<b>21.6</b>	<b>137.5</b>	<b>115.9</b>	<b>3.45</b>	1.68	1.24	0.35	0.13	318	140	68	36	13	4
<i>and</i>	<b>137.5</b>	<b>234</b>	<b>96.5</b>	<b>1.37</b>	0.67	0.48	0.15	0.05	158	77	36	23	7	3
<b>WI21-58 (355/-60)</b>	<b>1.8</b>	<b>252.6</b>	<b>250.8</b>	<b>3.09</b>	1.51	1.08	0.33	0.12	315	134	62	29	11	3

**DEFENSE METALS CORP.**

**Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Second Quarter Ended September 30, 2022**

<i>including</i>	51	131	80	3.92	1.93	1.39	0.40	0.14	358	153	71	34	13	3
WI21-59 (015/-70)	2.4	214	211.6	2.76	1.32	0.99	0.29	0.10	279	120	56	27	10	3
<i>including</i>	2.4	92	89.6	3.25	1.58	1.18	0.32	0.12	302	123	60	32	11	3
WI21-60 (205/-55)	1.3	154.9	153.6	2.93	1.43	1.01	0.31	0.11	320	145	67	36	12	4
<i>including</i>	1.3	40	38.7	5.47	2.69	1.93	0.55	0.21	490	217	99	56	18	6
WI21-61 (210/-50)	57	170	113	3.44	1.64	1.22	0.38	0.13	368	168	71	31	12	3
<i>and</i>	170	248.5	78.5	0.93	0.45	0.28	0.12	0.04	151	84	36	31	8	4

On June 7, 2022, the Company announced commencement of diamond drilling of up to 5,000 metres designed to further delineate existing resources, assess near deposit exploration targets, collect geotechnical and hydrogeological data for the purpose of optimization of open pit slope design, and generate additional REE mineralized material for continued metallurgical testwork. The 2022 Wicheeda REE Deposit diamond drill campaign is expected to include up to 1,500 metres of pit geotechnical and hydrogeological drilling.

On May 31, 2022, the Company announced initial results of alternative Acid Bake process testwork. The initial testwork shows that adoption of the Acid Bake process results in improved REE extraction, and potentially improvements in capital and operating costs, in comparison to the PEA base case gangue-leach– caustic crack process. The preliminary results show that the acid-bake process yields >95% recovery of neodymium and praseodymium from flotation concentrate into a leach solution.

On September 7, 2022, the Company announced that it entered into a mineral exploration agreement with the McLeod Lake Indian Band regarding its Wicheeda Project located 80 kilometres northeast of Prince George, Canada.

On October 17, 2022, the Company announced partial flotation variability results across a range of grades and lithologies throughout the Wicheeda Deposit. The partial results indicate that high grade mineral concentrate containing more than 40% TREO at greater than 80% recovery from dolomite carbonatite and master composite with head grades >2% TREO that have been tested to date. Xenolithic dolomite carbonatite samples yielded a 38% TREO concentrate at approximately 70% recovery at 1.44% head grade, while syenite lithologies comprising about 3% of the PEA mine schedule tonnage yielded a 14.6% TREO concentrate at approximately 79% recovery.

On October 26, 2022, the Company announced completion of the 2022 Wicheeda REE Deposit diamond drilling comprising 18 holes totalling 5,510 metres; including five (5) pit slope geotechnical and hydrogeologic holes totalling 1,150.

Through November 22, 2022, the Company has announced diamond drill results for a total of 8 holes totalling 2,867 metres (**Table 9**). Assays for the remaining 10 holes totalling 2,643 m are expected in the coming weeks and months.

**DEFENSE METALS CORP.**

**Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Second Quarter Ended September 30, 2022**

**Table 9. Wicheeda REE Deposit 2022 Diamond Drill Intercepts (to November 22, 2022)**

Hole ID	From (m)	To (m)	Interval (m)	TREO <sup>2</sup> (%)	Ce <sub>2</sub> O <sub>3</sub> (%)	La <sub>2</sub> O <sub>3</sub> (%)	Nd <sub>2</sub> O <sub>3</sub> (%)	Pr <sub>2</sub> O <sub>3</sub> (%)	Sm <sub>2</sub> O <sub>3</sub> (ppm)	Gd <sub>2</sub> O <sub>3</sub> (ppm)	Eu <sub>2</sub> O <sub>3</sub> (ppm)	Dy <sub>2</sub> O <sub>3</sub> (ppm)	Tb <sub>4</sub> O <sub>7</sub> (ppm)	Ho <sub>2</sub> O <sub>3</sub> (ppm)
<b>WI22-62 (204/-50)</b>	93	260	167	1.39	0.68	0.43	0.18	0.06	222	101	43	29	9	4
<i>including</i>	121	169	48	2.29	1.13	0.72	0.29	0.10	316	123	54	22	9	2
<b>WI22-63 (204/-60)</b>	148	187	39	2.29	1.12	0.79	0.25	0.09	246	120	47	26	9	3
<i>including</i>	175	184	9	5.08	2.45	1.84	0.52	0.19	472	215	91	49	17	5
<b>WI22-64 (204/-65)</b>	77	269.3	192.3	1.78	0.86	0.58	0.22	0.08	230	116	51	34	10	4
<i>including</i>	77	150	73	3.13	1.51	1.06	0.37	0.13	353	156	71	30	12	3
<b>WI22-67 (197/-60)</b>	30.7	137	106.3	2.53	1.22	0.87	0.28	0.10	307	149	66	36	13	4
<i>including</i>	41	100	59	3.42	1.65	1.19	0.37	0.14	381	184	80	40	16	4
<b>WI22-68 (220/-55)</b>	109.4	233	123.6	3.58	1.69	1.29	0.38	0.14	376	160	71	35	12	3
<i>including</i>	212	230	18	6.70	3.11	2.50	0.71	0.27	619	260	111	47	18	5
<b>WI22-69 (230/-50)</b>	93	314	221	2.14	1.02	0.74	0.24	0.09	260	126	56	36	11	4
<i>including</i>	93	204	111	3.52	1.68	1.25	0.37	0.14	390	181	81	45	16	5
<b>WI22-70 (234/-55)</b>	117	230	113	2.50	1.20	0.84	0.29	0.10	352	180	74	58	17	7
<b>WI22-72 (167/-70)</b>	3	125	122	2.56	1.25	0.85	0.29	0.11	308	139	63	40	12	5
<i>including</i>	3	58	55	3.02	1.47	1.02	0.34	0.12	345	135	69	34	12	4
<i>and</i>	125	222	97	0.90	0.44	0.27	0.12	0.04	152	80	35	30	8	4

<sup>2</sup>TREO % sum of CeO<sub>2</sub>, La<sub>2</sub>O<sub>3</sub>, Nd<sub>2</sub>O<sub>3</sub>, Pr<sub>6</sub>O<sub>11</sub>, Sm<sub>2</sub>O<sub>3</sub>, Eu<sub>2</sub>O<sub>3</sub>, Gd<sub>2</sub>O<sub>3</sub>, Tb<sub>4</sub>O<sub>7</sub>, Dy<sub>2</sub>O<sub>3</sub> and Ho<sub>2</sub>O<sub>3</sub>.

**DEFENSE METALS CORP.****Management's Discussion and Analysis of Financial Condition and Results of Operations****For the Second Quarter Ended September 30, 2022****Exploration and Expenditure Detailed Breakdown**

	<b>Wicheeda Option</b>
	\$
<b>Balance at March 31, 2021</b>	<b>2,879,561</b>
Acquisition costs	18,038,374
Drilling	1,178,297
Environmental	61,092
Field and camp costs	92,642
Geological (Note 6)	896,722
Helicopter survey	425,915
Geochemical	96,087
Management and administration (Note 6)	173,658
Mapping and reports	2,500
Preliminary economic assessment	231,204
BC Mining Tax Credit adjustment	62,578
<b>Balance at March 31, 2022</b>	<b>24,138,630</b>
Drilling	760,972
Environmental	113,228
Field and camp costs	477,774
Geological (Note 6)	654,123
Helicopter survey	530,674
Geochemical	342,525
Management and administration (Note 6)	75,000
Permitting related	34,281
Pilot plant	250,000
Preliminary economic assessment	258,674
<b>Balance at September 30, 2022</b>	<b>27,635,881</b>

**LIQUIDITY AND CAPITAL RESOURCES**

In management's view, given the nature of the Company's operations, which consist of exploration and evaluation of mining properties, the most relevant financial information relates primarily to current liquidity, solvency and planned property expenditures. The Company's financial success will be dependent upon the extent to which it can successfully exercise its option, discover mineralization and the economic viability of developing its properties.

Such development may take years to complete and the amount of resulting income, if any, is difficult to determine. The sales value of any minerals discovered by the Company is largely dependent upon factors beyond the Company's control, including the market value of the metals to be produced. The Company does not expect to receive significant income from any of its properties in the foreseeable future.

At September 30, 2022, the Company had working capital of \$289,275 including cash of \$450,572.

On November 22, 2022, the Company announced a private placement financing for gross proceeds of up to \$6,000,000 comprising: (i) up to 12,500,000 flow through common share ("FT Share") at a price of \$0.28 per FT Share for gross proceeds

**DEFENSE METALS CORP.**

**Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Second Quarter Ended September 30, 2022**

---

of up to C\$3.5 million; and (ii) up to 11,363,637 units (the "Units") at a price of \$0.22 per Unit for gross proceeds of up to \$2,500,000. Each Unit will consist of one common share and one-half of a non-transferrable Common Share purchase warrant. Each whole Warrant will entitle the holder thereof to purchase one Common Share at a price of \$0.32 exercisable over two years following the Closing Date.

On April 5, 2022, the Company closed a non-brokered private placement of 8,996,267 units and 6,340,057 flow-through shares for gross proceeds of \$4,558,050. Each unit was priced at \$0.26 and is comprised of one common share and one transferable common share purchase warrant. Each warrant is exercisable to purchase one common share of the Company at a price of \$0.40 per share for a period of 24 months from the date of closing the private placement. No value was allocated to warrants. Each flow-through share was priced at \$0.35 per share. The Company paid aggregate cash finder's fees of \$162,152 and issued 487,087 broker warrants exercisable at a price \$0.35 per share for 24 months.

On May 20, 2022, the Company closed a non-brokered private placement of 4,545,456 flow-through shares for gross proceeds of \$1,500,000. Each flow-through share was priced at \$0.33 per share. The Company paid a cash finder's fee of \$90,000 and issued 272,727 broker warrants exercisable at a price \$0.33 per share for 24 months.

During the period ended September 30, 2022, 2,176,000 common shares were issued based on warrant and option exercises for gross proceeds of \$333,490.

The Company's expected cash resources are sufficient to meet its working capital requirements for the next fiscal year, however the Company has no source of revenue therefore management will continue to seek new sources of capital to maintain its operations and to further the development of the Wicheeda Project.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

**OUTSTANDING SHARE DATA**

The following share capital as of date of this document is:

	<b>Balance</b>
Shares issued and outstanding	183,374,601
Options issued and outstanding	15,566,333
Warrants issued and outstanding	26,631,081

**DEFENSE METALS CORP.****Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Second Quarter Ended September 30, 2022****RESULTS OF OPERATIONS*****Three and Six Months Ended September 30, 2022***

The Company incurred comprehensive losses of \$150,687 and \$1,110,138 for the three and six months ended September 30, 2022 compared to comprehensive net losses of \$802,223 and \$1,612,153 for the comparable periods. During the three ended September 30, 2022, the Company's net loss decreased primarily due flow through share premium being recognized into income in addition to a reduction in marketing and public relations expenditures and stock-based compensation. During the six months ended September 30, 2022, the Company's net loss was reduced by the flow through share premium amount being recognized into income when compared to the previous period. There were smaller fluctuations across consulting, marketing and office, professional and stock-based compensation as the Company's use of specific vendors changes from time to time on an as needed basis. The Company will continue its marketing and advertising expense, and grant of options to consultants in the future. Marketing and investor relations activity aim to increase investor awareness of the Company and within the Rare Earth Elements (REE) global industry, the Company's Wicheeda Project and its exploration programs carried out there, corresponding with advancing exploration and development. These efforts are also made in light of the ongoing demand and growth in the global rare earth elements market and associated international production and supply chain matters. Management is continually re-evaluating its marketing and investor relations activity to effectively control the flow of information between the Company and its investors, REE industry participants and stakeholders and to increase the Company's global profile. Continued volatility is expected within the expense accounts as the Company moves forward.

**SELECTED QUARTERLY INFORMATION FOR MOST RECENT COMPLETED QUARTERS**

	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
	\$	\$	\$	\$
Comprehensive loss	(150,687)	(959,451)	(1,917,277)	(251,726)
Basic loss per share	(0.00)	(0.01)	(0.01)	(0.01)
Diluted loss per share	(0.00)	(0.01)	(0.01)	(0.01)

  

	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
	\$	\$	\$	\$
Comprehensive loss	(802,223)	(809,931)	(1,424,614)	(498,511)
Basic loss per share	(0.01)	(0.01)	(0.02)	(0.01)
Diluted loss per share	(0.01)	(0.01)	(0.02)	(0.01)

**DEFENSE METALS CORP.****Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Second Quarter Ended September 30, 2022****SELECTED ANNUAL INFORMATION FOR MOST RECENT COMPLETED YEARS**

	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
	\$	\$	\$
<b>Income Statement</b>			
Net profit (loss)	(3,781,157)	(2,643,293)	(1,231,589)
Loss per share (basic and diluted)	(0.04)	(0.05)	(0.04)
<b>Balance Sheet</b>			
Total resource properties	24,138,630	2,879,561	1,834,842
Total assets	25,261,545	4,142,436	2,043,736
Total long-term liabilities	-	-	-

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

	Level	September 30, 2022	March 31, 2022
		\$	\$
Cash	1	450,572	724,812
Accounts payable and accrued liabilities	2	91,237	668,616

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values.

**Management of Industry and Financial Risk**

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company's financial instruments are exposed to certain financial risks, which include the following:

***Credit risk***

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash and other receivables. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash and the Company's liabilities. The Company's cash is held in corporate bank accounts available on demand. As at September 30, 2022, the Company has cash balance of \$450,572 (March 31, 2022 - \$724,812) to fulfill

**DEFENSE METALS CORP.**

**Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Second Quarter Ended September 30, 2022**

---

accounts payable and accrued liabilities obligations of \$91,237 (March 31, 2022 - \$668,616). Liquidity risk has been assessed as low. The financial liabilities as at September 30, 2022 are due within 90 days.

***Market Risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

***Currency Risk***

The Company is subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

***Interest Rate Risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk relating to its related party balances.

***Price Risk***

The Company is exposed to price risk with respect to equity prices. Price risk as it relates to the Company is defined as the potential adverse impact on the Company's ability to raise financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

***Capital management***

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of components of shareholders' equity. There were no changes in the Company's approach to capital management during the period ended September 30, 2022. The Company is not subject to any externally imposed capital requirements.

**DEFENSE METALS CORP.****Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Second Quarter Ended September 30, 2022****RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be directors, officers and corporate entities controlled by these individuals. The table summarizes related party compensation for various services received by the Company:

	<b>Six months ended September 30, 2022</b>	Six months ended September 30, 2021
	\$	\$
Exploration and evaluation	<b>564,139</b>	238,380
Share issuance cost	-	120,000
Office and administrative	<b>6,300</b>	6,300
Consulting	<b>150,000</b>	60,000
Professional fees	<b>49,000</b>	37,000

Included in exploration and evaluation expenditures: During the six months ended September 30, 2022, the Company incurred \$429,139 (September 30, 2021 - \$158,830) in geological services from APEX Geosciences Ltd., a company of which Kristopher Raffle, a director of the Company, is Principal of, and \$75,000 (September 30, 2021 - \$80,000) in Wicheeda administration and management costs charged by 576112 B.C. Ltd which is a BC-private company owned by the CEO. In addition, \$45,000 (September 30, 2021 - \$Nil) is included in exploration and evaluation expenditures for geological services provided by Dr. Luisa Moreno, a director and President of the Company. Included in share issuance cost for September 30, 2021 is \$100,000 charged by 576112 B.C. Ltd for services related to the closing of the Company's private placement in May 2021. In addition, \$15,000 in geological services was charged by Blue Heron Productions Ltd., a B.C.-private company owned by William Bird who is a director of the Company.

Included in office and administrative expenses: During the six months ended September 30, 2022, the Company incurred \$6,300 (September 30, 2021 - \$6,300) in office costs from MCPA Services Inc., a B.C.-private company owned by the CFO.

Included in consulting expenses: During the six months ended September 30, 2022, the Company incurred \$75,000 (September 30, 2021 - \$40,000) in consulting expenses from 576112 B.C. Ltd which is a BC-private company owned by the CEO, and \$30,000 (September 30, 2021 - \$20,000) in consulting expenses from a Max Sali, a director of the Company. In addition, \$45,000 (September 30, 2021 - \$Nil) is included in consulting expenses for management services provided by Dr. Luisa Moreno, a director and President of the Company.

Included in professional fees: During the six months ended September 30, 2022, the Company incurred \$49,000 (September 30, 2021 - \$37,500) in professional accounting costs from Midland Management Ltd., a B.C.-private company owned by the CFO.

As at September 30, 2022, \$7,463 (2022 - \$2,280) was owing to a private company owned by the Chief Financial Officer for expenses paid on behalf of the Company; \$19,275 (2022 - \$19,750) was owing to a director; \$Nil (2022 - \$424,167) was owing to a company of which a director was a principal of, for geological services. Amounts owing to related parties are unsecured, non-interest bearing, and carry no fixed terms of repayment.

**DEFENSE METALS CORP.**

**Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Second Quarter Ended September 30, 2022**

---

**Off-Balance Sheet Transactions**

The Company has not entered into any significant off-balance sheet arrangements or commitments.

**CRITICAL ACCOUNTING ESTIMATES**

The preparation of these interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses.

The use of estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. Accounts which require management to make material estimates and significant assumptions in determining amounts recorded include: impairment of exploration and evaluation assets, share-based payments, and determination of functional currency.

*i) Impairment*

The Company assesses its exploration and evaluation assets at each reporting date to determine whether any indication of impairment exists. Where an indicator of impairment exists, an estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments may require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, and exploration potential.

*ii) Share based payments*

The Company follows accounting guidelines in determining the fair value of stock-based compensation. The computed amount is not based on historical cost, but is derived based on subjective assumptions input into an option pricing model. The model requires that management make forecasts as to future events, including estimates of: the expected life of options; future volatility of the Company's share price in the expected hold period (using historical volatility as a reference); and the appropriate risk-free rate of interest. Stock-based compensation incorporates an expected forfeiture rate. The resulting value calculated is not necessarily the value that the holder of the option could receive in an arm's length transaction, given that there is no market for the options and they are not transferable. It is management's view that the value derived is highly subjective and dependent entirely upon the input assumptions made.

*iii) Functional and presentational currency*

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

*iv) Deferred tax assets & liabilities*

The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of 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

**DEFENSE METALS CORP.****Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Second Quarter Ended September 30, 2022**

---

dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company. 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 deferred tax provisions or recoveries could be affected.

*v) Flow-Through Shares*

The Company's flow-through share premium estimate is based on the price of flow-through shares in relation to the price of ordinary shares.

*v) Basis of measurement*

These financial statements have been prepared on a historical cost basis and except for cash flow information, using the accrual basis of accounting.

**PROPOSED TRANSACTIONS**

None.

**RISK AND UNCERTAINTIES**

The Company is in the mineral exploration and development business and, as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

- a) The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. The recovery of the Company's investment in exploration and evaluation assets and the attainment of profitable operations are dependent upon the discovery and development of economic ore reserves and the ability to arrange sufficient financing to bring the ore reserves into production.
- b) The most likely sources of future funds for further acquisitions, metallurgical work and exploration programs undertaken by the Company are the sale of equity capital and/or the offering by the Company of an interest in its properties to be earned by another interested party carrying out further exploration or development. If such exploration programs are successful, the development of economic ore bodies and commencement of commercial production may require future equity financings by the Company, which are likely to result in substantial dilution to the holdings of existing shareholders.
- c) The Company's capital resources are largely determined by the strength of the resource markets and the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.
- d) The prices of metals, minerals, and other elements greatly affect the value and potential value of its exploration and evaluation assets. This, in turn, greatly affects its ability to raise equity capital, negotiate option agreements and form joint ventures.
- e) The Company must comply with health, safety, and environmental regulations governing air and water quality and land disturbances and provide for mine reclamation and closure costs. The Company's permission to operate could be withdrawn temporarily where there is evidence of serious breaches of such regulations, or even permanently in the case

**DEFENSE METALS CORP.****Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Second Quarter Ended September 30, 2022**

---

of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations.

- f) The operations of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue exploration and development activities in the future.
- g) Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such assets may be subject to prior agreements or transfers and title may be affected by such undetected defects.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in any forward looking statement. While such estimates and assumptions are considered reasonable by the management of the Company, they are inherently subject to significant business, economic, competitive and regulatory uncertainties and risks. The development and exploration activities of the Company are subject to various laws governing exploration, development, and labour standards which may affect the operations of the Company as these laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are, or were conducted.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

**ADDITIONAL INFORMATION**

Additional information relating to the Company, is available on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") website at [www.sedar.com](http://www.sedar.com).