



**Management's Discussion and Analysis  
For the six months ended September 30, 2024**

**Dated: November 28, 2024**

**DEFENSE METALS CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2024**

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

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This Management Discussion and Analysis ("MD&A") presents an analysis of the financial position and results of operation of Defense Metals Corp. ("Defense Metals", "DEFN", the "Company", "we", "our", "its" or "us") and is a narrative explanation of how we performed during the period covered by the associated financial statements, and of our future prospects.

This MD&A is based upon information available as at November 28, 2024, and supplements but does not form part of the financial statements of Defense Metals and as such, should be read in conjunction with the condensed interim financial statements for the period ended September 30, 2024, and the audited financial statements for the year ended March 31, 2024 along with the related notes thereto.

Defense Metals' reporting currency is the Canadian dollar and all financial data in this MD&A are expressed in Canadian dollars unless otherwise noted.

Additional information concerning Defense Metals is available on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR+"; [www.sedarplus.ca](http://www.sedarplus.ca)) and on our website at [www.defensemets.com](http://www.defensemets.com).

**Management's Responsibility**

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

## **Caution Regarding Forward-Looking Statements and Forward-Looking Information**

Except for statements of historical fact, this MD&A may contain forward-looking statements and forward-looking information ("forward-looking information") within the meaning of applicable securities law, which is based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of exploration, development, financial or other risk factors beyond its control. 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", "should" or "will" occur. In particular, forward-looking information in this MD&A includes the further development of the Wicheeda Project (herein defined), completing the PFS (herein defined), potential financings, securing potential strategic partners and/or offtake agreements, 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. Actual results may differ materially from the expected results.

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 viruses and diseases on the Company's ability to operate; failure to maintain or obtain 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.sedarplus.ca](http://www.sedarplus.ca). Readers are cautioned that this list of risk factors should not be construed as exhaustive. Such forward-looking information reflects 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.sedarplus.ca](http://www.sedarplus.ca). 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.

## **DEFENSE METALS CORP.**

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

**For the Six Months Ended September 30, 2024**

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#### **Scientific and Technical Disclosure**

The scientific and technical information contained in this MD&A has been prepared, reviewed and approved by Kristopher J. Raffle, P.Geol. (British Columbia), a technical consultant of the Company, a Principal and Consultant of APEX Geoscience Ltd. ("APEX") of Edmonton, AB, and a Qualified Person ("QP") within the context of Canadian Securities Administrators' National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101").

#### **INTRODUCTION**

Defense Metals Corp. ("Defense Metals" or the "Company") is a British Columbia incorporated company focused on the development of the Wicheeda Rare Earth Element mineral deposit located in British Columbia, Canada.

The head office and the principal address of Defense Metals is Suite 1020 - 800 West Pender Street, Vancouver, BC V6C 2V6, Canada. Defense Metals is traded publicly and listed in Canada on the TSX Venture Exchange ("TSX-V"), trading symbol DEFN; in the United States on the OTCQB, trading symbol DFMTF; and on the Frankfurt Exchange, trading symbol 35D.

#### **HIGHLIGHTS DURING THE REPORTING PERIOD**

- Entered into an MOU with the Saskatchewan Research Council ("SRC") to collaborate on advancing Canada's Rare Earth Element ("REE") supply chain.
- Announced a non-brokered private placement of senior secured notes ("Notes"), which closed subsequent to the end of the quarter for gross proceeds of \$4,000,000.
- Significantly reduced overall company spending rate, including cuts to marketing and other expenses compared to the prior year.
- Announced the resignation of Craig Taylor as Chief Executive Officer ("CEO"). Subsequent to the quarter, Mark Tory was announced as the new CEO.

#### **MINERAL PROPERTIES**

##### **WICHEEDA PROJECT BACKGROUND AND UPDATED RESOURCE ESTIMATE**

Defense Metals' primary business objective is to successfully develop the Wicheeda Project into an economically viable REE mine. Currently, the Company is an exploration and development company with no revenues from mineral-producing operations. The recoverability of financial amounts and related deferred exploration expenditures for the Wicheeda Project is dependent upon the development of economically recoverable mineral reserves and the ability of the Company to obtain necessary permitting and financing to complete the development of the property and commence future profitable production of REEs.

The Wicheeda Project is 100% owned by Defense Metals and covers 11,800 hectares (~29,158 acres) comprising 6 claims (1,708 hectares) acquired through completion of the Spectrum Mining Corporation ("Spectrum") option agreement (see below), and an additional 11 claims (10,093 hectares) acquired by staking between the dates of November 5, 2021 and October 23, 2024.



**Figure 1: Wicheeda Project Location**

APEX completed an updated mineral resource estimate (“2023 MRE”; Table 1) for the Wicheeda REE deposit and filed a National Instrument 43-101 technical report (“Technical Report”) for the 2023 MRE, dated October 27, 2023, with an effective date of August 28, 2023, entitled “Technical Report on the Wicheeda Property, British Columbia, Canada. The Technical Report for the 2023 MRE is available under the Company’s profile on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)) and on our website at [www.defensemetals.com](http://www.defensemetals.com).

Defense Metals continues to advance the Wicheeda Project through its ongoing work related to a preliminary feasibility study (“pre-feasibility study” or “PFS”), the results of which are now expected to be released in H1 2025.

### **Wicheeda Project History**

On November 22, 2018, Defense Metals entered into an option agreement to acquire all of the issued and outstanding shares of Spectrum, which at the time was the beneficial and registered holder of 100% interest in six mining claims, known as the Wicheeda Project, located in the Cariboo Mining Division of British Columbia, Canada (Figure 1). To exercise the option, Defense Metals incurred exploration expenditures, issued shares to Spectrum shareholders, and made cash payments to Spectrum.

On January 14, 2022, Defense Metals fully exercised its option and acquired 100% of the Wicheeda Project through the issuance of 78,115,549 Defense Metals common shares at a deemed price of \$0.225 per share pro-rata to Spectrum shareholders, and the payment of \$100,000 cash to Spectrum, for final consideration of \$17,675,999, and the issuance of 1,171,733 common shares pursuant to a finder’s fee agreement with Mulgravian Ventures Corporation, entered into in connection with the November 22, 2018 option agreement.

The Wicheeda Project is subject to a 2.0% net smelter returns royalty (“NSR Royalty”) payable upon the commencement of any commercial production. Defense Metals has the irrevocable right to purchase one-half (1/2) of the NSR Royalty from the

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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 September 7, 2022, Defense Metals announced that it entered into a mineral exploration agreement with the McLeod Lake Indian Band regarding the Wicheeda Project, which is located on the traditional territory of the McLeod Lake Indian Band.

On February 7, 2023, Defense Metals announced it had engaged SRK Consulting (Canada) Inc. ("SRK") to commence site geotechnical investigations. These geotechnical studies were undertaken to inform the Wicheeda Project PFS with respect to areas of geotechnical engineering, hydrology, site infrastructure, tailings facilities, geochemistry, and site water management. SRK's work included field investigations, allowing for preliminary characterization of shallow soil subsurface and bedrock foundations, tasks designed to advance the PFS engineering work.

On March 6, 2023, the Company announced the results of a geological model and MRE domain update for the Wicheeda Project that incorporated over 10,000 metres of additional drilling in 47 holes completed during 2021 and 2022 following completion of the PEA. The model and domain update was preparatory to completion of the 2023 MRE and is an essential input to the planned pre-feasibility study.

On April 1, 2023, Defense Metals amalgamated with Spectrum, all the issued shares of which were held by the Company, under section 273 of the *Business Corporations Act* (British Columbia) (the "Amalgamation"), with the continuing entity being Defense Metals. Accordingly, the shares of Spectrum were cancelled pursuant to the Amalgamation.

On April 11, 2023, Defense Metals joined the Discovery Group alliance of public companies, led by Mr. John Robins and Mr. Jim Paterson.

On August 1, 2023, Defense Metals announced that it had engaged Hatch Ltd. ("Hatch") and SRK as principal consultants for the completion of a PFS for the Wicheeda Project. Both SRK and Hatch have extensive experience and knowledge of working in the REE sector and as directed by Defense Metals, agreed to a partition of responsibilities that allows each group to focus on their strengths. SRK is one of four key consultants chosen by Defense Metals to facilitate the PFS and take the lead role as overall coordinator of the National Instrument 43-101 PFS report, as well as handling the mining and tailings scope of work with support from APEX, Defense Metals' exploration, geology, and resource consultants. SRK is uniquely positioned to advance the Wicheeda Project given their prior involvement in both an extensive scenario analysis evaluation conducted in 2021 and the PEA completed by them in 2021 and published in 2022. SRK will build upon the knowledge gained in these studies and improve upon the analyses completed then, to create an optimal development plan for the Wicheeda Project. SRK's focus is on resource estimation, geotechnical engineering, mining engineering, tailings management, and economic analysis. Added scope for SRK in the PFS includes the project lead, risk assessment, surface water management, contact water treatment and environmental geochemistry. Hatch's focus is on REE concentrating and hydrometallurgical processes and plant facilities, and both capital and operating costs. Hatch is responsible for the process design including the concentrator and hydrometallurgical plants as well as the infrastructure for mining, tailings, and other processing areas. One-eighty Consulting Group Inc. is responsible for the environmental studies, permitting, and social or community impact scope.

On August 16, 2023, Defense Metals provided an update with respect to ongoing site infrastructure geotechnical investigations, which included relevant field site inspections from SRK personnel, and the completion of 13 excavated tests pits and 4 sonic overburden geotechnical holes to support characterization of the shallow soil subsurface and bedrock foundations of potential future waste rock storage, mineralization stockpile, contact water pond, crusher, processing plant, and tailings storage facility locations.

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On September 5, 2023, the Company announced completion of a ground radiometric geophysical survey over the Wicheeda Project. The survey identified new anomalies that may represent previously unknown REE mineralized carbonatite which Defense Metals planned to test during fall 2023 as part of an expanded program of pit geotechnical drilling.

On September 12, 2023, Defense Metals announced the 2023 MRE<sup>1</sup>. The 2023 MRE comprises a 6.4 million tonne Measured Mineral Resource, averaging 2.86% Total Rare Earth Oxide (TREO<sup>2</sup>); a 27.8 million tonne Indicated Mineral Resource, averaging 1.84 % TREO; and an 11.1 million tonne Inferred Mineral Resource, averaging 1.02% TREO, all reported at a cut-off grade of 0.5% TREO within a conceptual open pit shell (Table 1, and Figure 2).

The 2023 MRE Total Measured and Indicated (M+I) Mineral Resources of 34.2 million tonnes, averaging 2.02% TREO, is a significant upgrade representing a conversion of 101% of the prior 2021 MRE, which comprised some indicated and mostly inferred resources, to M+I on a contained TREO basis; and a 17% increase in contained TREO, or 31% tonnage increase, in comparison to the 2021 MRE.

**Table 1: Wicheeda Mineral Resource Estimate (effective date August 28, 2023)**

Category	Tonnes	TREO	TREO	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>	Gd <sub>2</sub> O <sub>3</sub>	Eu <sub>2</sub> O <sub>3</sub>	Dy <sub>2</sub> O <sub>3</sub>	Tb <sub>4</sub> O <sub>7</sub>	Ho <sub>2</sub> O <sub>3</sub>
	(Million)	(%)	(kt)	(%)	(%)	(%)	(%)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)
Measured	6.4	2.86	183	1.39	1.00	0.11	0.31	312	139	63	35	12	4
Indicated	27.8	1.84	516	0.89	0.62	0.07	0.21	232	111	50	32	10	4
M&I	34.2	2.02	699	0.98	0.69	0.08	0.23	247	116	52	32	10	4
Inferred	11.1	1.02	113	0.50	0.31	0.04	0.13	166	91	38	35	9	5

**Notes regarding Mineral Resource Estimate (Table 1):**

- The 2023 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 10, 2014.
- The 2023 MRE was prepared by Warren Black, M.Sc., P.Geol. and Tyler Acorn, M.Sc., of APEX under the supervision of the QP, Michael Dufresne, M.Sc., P.Geol. in accordance with CIM Definition Standards.
- Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There has been insufficient exploration to allow for the classification of the indicated and inferred resources tabulated as a measured mineral resource; however, it is reasonably expected that the majority of the indicated and inferred mineral resources could be upgraded to measured or indicated mineral resources with continued exploration. There is no guarantee that any part of the mineral resources discussed herein will be converted to a mineral reserve in the future.

<sup>1</sup>Technical Report dated October 27, 2023, effective August 28, 2023, and titled "Technical Report on the Wicheeda Property, British Columbia, Canada", prepared by APEX Geoscience Ltd. available for review under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company's website at [www.defensemets.com](http://www.defensemets.com)

<sup>2</sup> TREO % is the 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> %.

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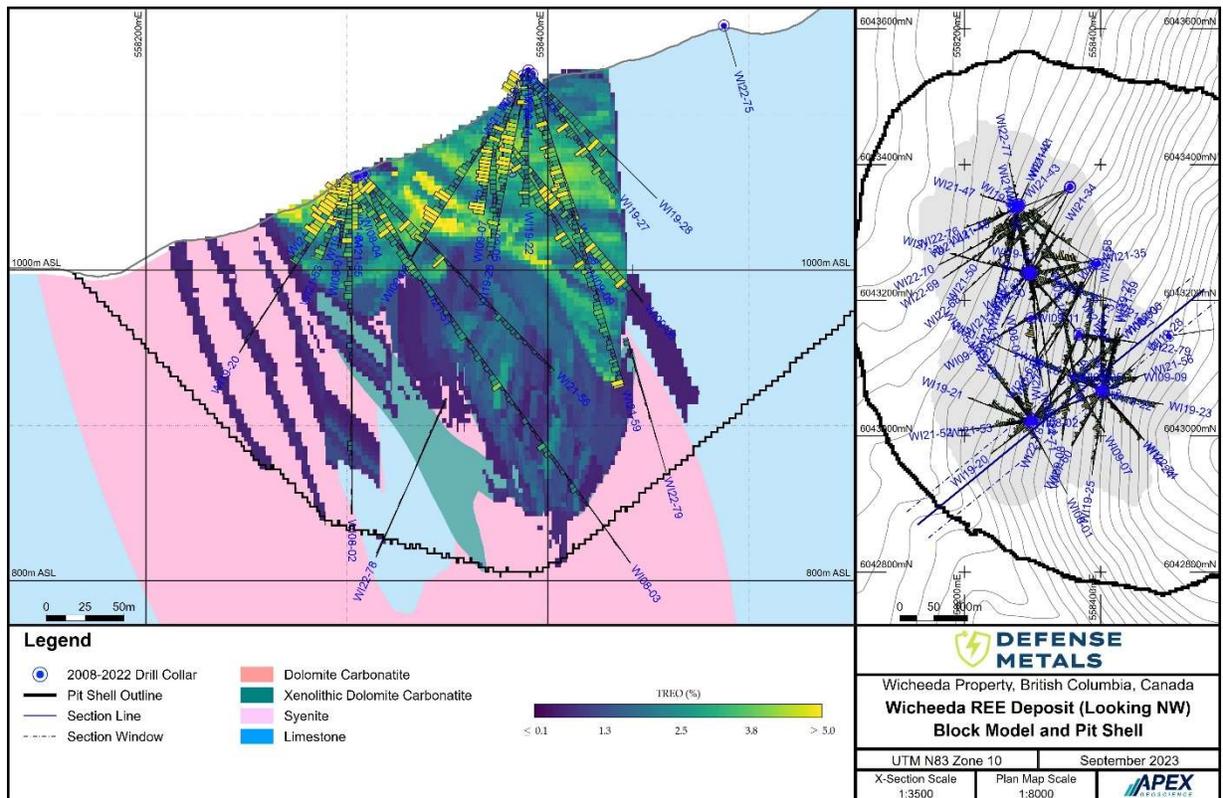
- All figures are rounded to reflect the relative accuracy of the estimates. Totals may not sum due to rounding.
- Median rock densities are supported by 8,075 measurements as follows: 2.95 g/cm<sup>3</sup> (mineralized dolomite-carbonatite), 2.90 g/cm<sup>3</sup> (unmineralized dolomite-carbonatite), 2.85 g/cm<sup>3</sup> (mineralized xenolithic-carbonatite), 2.76 g/cm<sup>3</sup> (unmineralized xenolithic-carbonatite), 2.73 g/cm<sup>3</sup> (syenite), and 2.76 g/cm<sup>3</sup> (limestone).
- 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 an optimized open pit shell.
- The cut-off grade is calculated, and the open pit shell is optimized based on the assumption that the hydrometallurgical processing 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 costs include \$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 of C\$3.33/t for mill feed.
  - 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 October 3, 2023, the Company announced commencement of Phase 2 of its planned infrastructure and open pit geotechnical drilling, comprising sonic drilling overburden characterization (site infrastructure geotechnical) and diamond core drilling (open pit geotechnical and near resource exploration). This work was completed at the end of October.

On October 10, 2023, Defense Metals announced the results of extensive comminution and beneficiation test work conducted by SGS Canada Inc. in Lakefield, Ontario on variability samples from the Wicheeda Project. A total of 90 open-circuit flotation tests, using 1 or 2 kg of feed, were conducted on seventeen individual variability samples, various composites, and blends. Considering all open-circuit flotation tests, at a feed grade of 3% TREO, the best fit line indicated 80% recovery to a 45% TREO concentrate. Very favorable results were obtained in a locked cycle test on a deposit composite giving a recovery rate of 85% of the rare earths at a concentrate grade of 50.7% TREO.

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**Figure 2: Cross Section of the Wicheeda Property 2023 MRE**

On October 17, 2023, the Company announced that it had shipped samples of mixed rare earth oxide and mixed rare earth carbonate, generated during 2023 hydrometallurgical piloting test work, to interested parties. The samples were distributed to certain select major processors, refiners, and metals traders located in Europe, Asia and North America, allowing the recipients to independently verify the high-quality of REE products from the Wicheeda Project, and establishing the Wicheeda Project as an important, future North American source of the rare earths needed to satisfy rapidly increasing demand driven by the electrification of the economy. The sample specifications were varied based on the recipients' particular requirements, and these recipient parties could potentially represent future offtake or strategic partners. Discussions with the sample recipients regarding their individual test results and their assessments of the samples are ongoing.

On December 27, 2023, Defense Metals announced completion of all infrastructure geotechnical field data collection in support of the PFS. The 2023 infrastructure geotechnical programs included: 16 helicopter and track sonic overburden geotechnical drill holes; 20 excavated overburden geotechnical test pits; 6 diamond drill holes totaling 1,182 metres inclusive of 4 open pit geochemical drill holes totaling 920 metres, and in pit exploration holes totaling 262 metres; collection from existing drill core of a 2,700 kg metallurgical sample for continued flotation and hydrometallurgical optimization test-work; and Initiation of humidity cell testwork.

On January 9, 2024, the Company announced entering into a non-binding Memorandum of Understanding with Ucore Rare Metals Inc. (TSXV: UCU) to explore collaborative opportunities as both companies move towards their respective commercialization efforts for a North American REE supply chain.

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On January 17, 2024, Defense Metals announced a strategic equity partnership and co-design agreement (the “Co-Design”) with the McLeod Lake Indian Band (“MLIB”) regarding continuing project development of the Wicheeda Project. Pursuant to the Co-Design, Defense Metals will collaborate on the design of the Wicheeda Project with MLIB. Such collaboration will incorporate MLIB's interests and priorities in the planning and design of future feasibility studies and the environmental assessment process and include MLIB involvement in certain technical studies related to the Wicheeda Project. Among other things, comprehensive budgets and workplans are to be cooperatively developed and incorporated into the process. Defense Metals also announced that MLIB agreed to make a strategic investment into Defense Metals by way of a non-brokered private placement financing of 2,557,795 common shares of the Company at a price of \$0.26 per share.

On September 26, 2024, Defense Metals Corp. entered into a Memorandum of Understanding (“MOU”) with the Saskatchewan Research Council. This collaboration aims to advance the REE supply chain within Canada, leveraging SRC's extensive expertise in rare earth processing and technology development. The MOU establishes a framework for cooperation, including potential test work, technology sharing, and collaborative research to optimize processing methods for rare earth elements sourced from the Wicheeda Project. This partnership aligns with the Company's goal to position itself as a critical North American supplier of rare earth elements and contributes to the strategic development of the Wicheeda Project.

**Wicheeda Project Exploration and Evaluation Assets and Exploration Expenditures Summary:**

The following table discloses the exploration and evaluation expenditures from March 31, 2023 to March 31, 2024, and from March 31, 2024 to September 30, 2024.

	<b>Wicheeda Project</b>
	\$
<b>Balance at March 31, 2023</b>	<b>30,279,409</b>
Drilling	775,815
Environmental	346,127
Field and camp costs	691,074
Geological	1,727,897
Helicopter and survey	726,169
Geochemical	490,232
Management and administration	252,170
Mapping	27,185
Permitting related	1,398,704
Pilot plant metallurgical testing	1,896,202
Prefeasibility study	2,631,597
Recovery	(434,421)
<b>Balance at March 31, 2024</b>	<b>40,808,160</b>
Environmental	461,537
Field and camp costs	13,628
Geological	300,181
Geochemical	136,747
Helicopter and survey	3,845
Management and administration	114,976
Permitting related	132,405
Pilot plant metallurgical testing	49,514
Prefeasibility study	956,462
<b>Balance at September 30, 2024</b>	<b>42,977,455</b>

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The following table discloses the exploration and evaluation expenditures from March 31, 2023 to September 30, 2023, and from March 31, 2024 to September 30, 2024.

	<b>Wicheeda Project</b>
	\$
<b>Balance at March 31, 2023</b>	<b>30,279,409</b>
Drilling	97,675
Environmental	130,855
Field and camp costs	164,839
Geological	728,475
Helicopter and survey	88,792
Geochemical	50,403
Management and administration	143,332
Permitting related	331,357
Pilot plant	1,588,916
Prefeasibility study	539,982
<b>Balance at September 30, 2023</b>	<b>34,144,035</b>
<b>Balance at March 31, 2024</b>	<b>40,808,160</b>
Environmental	461,537
Field and camp costs	13,628
Geological	300,181
Geochemical	136,747
Helicopter and survey	3,845
Management and administration	114,976
Permitting related	132,405
Pilot plant metallurgical testing	49,514
Prefeasibility study	956,462
<b>Balance at September 30, 2024</b>	<b>42,977,455</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. Defense Metals' future financial success will depend upon the extent to which it can successfully prove and develop the economic viability of REE mineralization of the Wicheeda Project.

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 and developed by Defense Metals is largely dependent upon factors beyond our control, including the market value of the metals to be produced in the future. The Company does not expect to receive significant income from any of its properties in the immediate future.

At September 30, 2024, Defense Metals had a working capital deficiency of \$3,191,475 including cash of \$2,225,326.

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On October 11, 2024, the Company closed a secured convertible notes ("Notes") financing for gross proceeds of \$4,000,000. The Notes bear interest from the date of issuance at the rate of ten percent (10%) per annum, payable quarterly in common shares of the Company at a price per share equal to the applicable 20-day volume weighted average price of the common shares on the TSX-V, or such other price determined in accordance with the policies of the TSX-V. The Notes will mature on the date that is 12 months after the date of issuance. At any time up to seven days prior to a Mandatory Conversion Event as defined herein, investors may elect to convert the principal amount of the Notes into commons at a deemed price per share of \$0.125.

The Notes will automatically convert into common shares upon the occurrence of certain events (each, a "Mandatory Conversion Event"), including the completion by the Company of a new issuance of equity as part of a minimum \$4,000,000 financing from third party sources (excluding conversion of the Notes), completion of a sale of all or substantially all of the common shares or assets of the Company, or completion of a merger or other corporate transaction coincident with a minimum \$4,000,000 fundraise from third party capital (excluding conversion of the Notes). Upon the occurrence of a Mandatory Conversion Event, the principal amount of the Notes will automatically convert into Common Shares at a fifteen percent (15%) discount to the applicable price of the offering implied by the Mandatory Conversion Event, provided that if such conversion price would be less than the Conversion Price there will be no mandatory conversion.

The Notes will be secured against all personal property of the Company and a first ranking security interest against the Company's mining claims in respect of the Wicheeda REE Project. All note holders will rank pari passu among themselves.

The Company expects to have sufficient capital to complete its business objectives and goals, however, the Company has no source of revenues and as noted in the audited Consolidated Financial Statements for the period ended March 31, 2024, there is a going concern note. Management will continue to seek new sources of capital to maintain its operations and to further the development of the Wicheeda Project through the completion of the PFS and beyond, as needed.

The Company's 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 Company's share capital as of date of this MD&A is:

	<b>Balance</b>
Shares issued and outstanding	260,221,249
Options issued and outstanding	23,775,000
Warrants issued and outstanding	9,342,937

**SELECTED ANNUAL INFORMATION FOR MOST RECENT COMPLETED YEARS**

The following table summarizes selected financial data reported by Defense Metals for the years ended March 31, 2024, 2023 and 2022. The information set forth should be read in conjunction with the audited annual Consolidated Financial Statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), and the related notes thereon.

**DEFENSE METALS CORP.****Management's Discussion and Analysis of Financial Condition and Results of Operations****For the Six Months Ended September 30, 2024**

	<b>For the year ended March 31, 2024</b>	For the year ended March 31, 2023	For the year ended March 31, 2022
	\$	\$	\$
<b>Income Statement</b>			
Net profit (loss)	<b>(2,761,157)</b>	<b>(2,710,217)</b>	(3,781,157)
Loss per share (basic and diluted)	<b>(0.01)</b>	<b>(0.02)</b>	(0.04)
<b>Balance Sheet</b>			
Total resource properties	<b>40,808,160</b>	<b>30,279,409</b>	24,138,630
Total assets	<b>42,646,270</b>	<b>32,743,589</b>	25,261,545
Total long-term liabilities	-	-	-

**RESULTS OF OPERATIONS*****For the Three and Six Months Ended September 30, 2024 and 2023***

The Company incurred a comprehensive net loss of \$1,052,219 and \$1,603,474 for the three and months ended September 30, 2024, compared to comprehensive net loss of \$645,106 and \$943,063 for the comparative periods. During the three months ended September 30, 2024, the Company recognized stock-based compensation and increased professional fees which did not occur in the comparable period leading to an overall increase in net loss. During the six months ended September 30, 2024, the Company's overall net loss was comparable to the previous period. Additional notable variances for the period from the prior year are as follows:

- Evaluation and exploration expenditures balance increased to \$42,977,455 as at September 30, 2024 from \$40,808,160 as at March 31, 2024 due to additional exploration and development work performed and capitalized.
- Communications, marketing, investor, and public relations: a \$176,682 and \$350,482 decrease across the three and six months ended September 30, 2024 due to reduction in such expenditures. This variance is attributed to less activity compared to during the same period last year.
- Professional fees: a \$131,852 and \$123,795 increase across the three and six months ended September 30, 2024 as a result of engaging legal counsel for various business development activities.
- Consulting fees: a \$290,357 and \$272,148 increase across the three and six months ended September 30, 2024 was attributed an increase fees for director services.
- Office and administration costs: a \$36,965 and \$16,461 decrease across the three and six months ended September 30, 2024 as a result of reducing overhead expenditures.

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	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
	\$	\$	\$	\$
Comprehensive loss	(1,052,219)	(551,255)	(567,713)	(1,250,381)
Basic loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
	\$	\$	\$	\$
Comprehensive loss	(645,106)	(297,957)	(721,157)	(878,922)
Basic loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

In general, there are no consistent, identifiable factors that cause variations in the selected quarterly financial information. The differences in losses are primarily due to the timing of exploration and development expenditures, which vary based on weather conditions and the availability of financing.

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

	Level	September 30, 2024	March 31, 2024
		\$	\$
Cash	1	<b>2,225,326</b>	916,066
Accounts payable and accrued liabilities	1	<b>3,168,465</b>	808,911

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**

Defense Metals is engaged in REE exploration and development 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:

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***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 Canadian chartered 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, to the best of its abilities, 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, 2024, Defense Metals had a cash balance of \$2,225,326 (2023 - \$10,615,673) to fulfill accounts payable and accrued liabilities obligations of \$3,168,465 (2023 - \$600,570). The financial liabilities as at September 30, 2024 are due within 90 days. The Company manages liquidity risk through the management of its capital structure. The Company has no income from operations or a regular source of cash flow and relies on equity funding to support its exploration and corporate activities. Should the need for equity funding arise, there is a risk that the Company may not be successful in selling new common shares at acceptable prices.

***Capital Finance Risk***

The Company will require additional financing and investment to advance beyond the PFS for the Wicheeda Project toward achieving commercial production. Additional funds may not be available when the Company needs them, on terms that are acceptable, or at all. If adequate funds are not available to the Company on a timely basis, it may be unable to proceed with future development of the Wicheeda Project or with other exploration, development or acquisition of property interests to carry out its business plan, if desired, which could materially affect the Company's business, results of operations, financial condition and prospects.

***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 accounts payable and 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 attempts 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.

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There were no changes in the Company's approach to capital management during the period ended September 30, 2024. The Company is not subject to any externally imposed capital requirements.

#### LEADERSHIP TRANSITION

During the reporting period, Craig Taylor resigned as CEO of Defense Metals Corp. To ensure leadership continuity and alignment with the Company's strategic goals, the Board of Directors initiated a comprehensive search for a new CEO.

On November 18, 2024, the Company announced that Mark Tory will assume the role of CEO, effective January 1, 2025. Mark brings extensive leadership experience in the mining and resource development sector and is well-positioned to lead Defense Metals through the next stages of growth, including advancing the Wicheeda Project.

#### 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:

	Six months ended September 30, 2024	Six months ended September 30, 2023
	\$	\$
Exploration and evaluation	85,000	615,494
Office and administrative	5,250	6,300
Consulting	549,350 <sup>(1)</sup>	147,500
Professional fees	50,000	60,000
Stock-based compensation	98,000	-

<sup>(1)</sup> Inclusive of director fees.

#### ***Included in exploration and evaluation expenditures***

During the six months ended September 30, 2024, \$75,000 is included in Wicheeda Project administration and management costs charged by 576112 B.C. Ltd which is a BC-private company owned by the former CEO. \$10,000 was included in exploration and evaluation expenditures for geological services provided by Dr. Luisa Moreno, a director and President of the Company.

During the six months ended September 30, 2023, the Company incurred \$495,494 in geological services from APEX, a company of which Kristopher Raffle, a former director of the Company, is Principal of, and \$75,000 in Wicheeda Project administration and management costs charged by 576112 B.C. Ltd which is a BC-private company owned by the former CEO. In addition, \$25,000 is included in exploration and evaluation expenditures for geological services provided by Dr. Luisa Moreno, a director and President of the Company. For the six months ended September 30, 2023, \$20,000 in geological services was charged by Blue Heron Productions Ltd., a company owned by William Bird, a former director of the Company.

#### ***Included in office and administrative expenses***

During the six months ended September 30, 2024 the Company incurred \$5,250 in office costs from MCPA Services Inc., a company owned by the former CFO (\$6,300 during the same quarter in 2023).

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**Included in consulting expenses**

During the six months ended September 30, 2024, the Company incurred \$251,000 (\$176,000 of which related to the issuance of 1,600,00 common shares of the Company on September 9, 2024) in consulting expenses from 576112 B.C. Ltd which is a BC-private company owned by the CEO, and \$40,000 in consulting expenses for management services provided by Dr. Luisa Moreno, a director and President of the Company. In addition, \$6,000 is included in consulting expenses for services provided by a private company owned by Len Clough, a former director of the Company. During the six months ended September 30, 2024, the Company incurred \$104,000 in director fees from Guy de Selliers, the Executive Chairman of Defense Metals. During the six months ended September 30, 2024, the Company incurred \$96,500 from Alex Heath, the current Chief Financial Officer. During the six months ended September 30, 2024, the Company incurred \$18,250 in director fees from Dale Wallster, a director of the Company. During the six months ended September 30, 2024, the Company incurred \$14,000 in director fees from Suzanne Folsom, a director of the Company. During the six months ended September 30, 2024, the Company incurred \$11,600 in director fees from Ted Kavanaugh, a director of the Company. During the six months ended September 30, 2024, the Company incurred \$8,000 in director fees from Martin Cronin, a director of the Company.

During the six months ended September 30, 2023, the Company incurred \$75,000 in consulting expenses from 576112 B.C. Ltd which is a company owned by the former CEO, and \$45,000 in consulting expenses from a Max Sali, a consultant and former director of the Company. \$25,000 is included in consulting expenses for management services provided by Dr. Luisa Moreno, a director and President of the Company. In addition, \$15,000 is included in consulting expenses for management services provided by a private company owned by Len Clough a former director of the Company.

**Included in professional fees**

During the six months ended September 30, 2023, the Company incurred \$50,000 in professional accounting costs from Midland Management Ltd., a private company owned by the former CFO.

**Balances Owing to Related Parties & Other Related Party Payment**

As at September 30, 2024, \$55,542 (2024 - \$14,998) was owing to the President of the Company for geological services, consulting services, and reimbursable expenses. As at September 30, 2024, \$114,599 was owing to the Chief Financial Officer for consulting services and reimbursable expenses.

During the six months ended September 30, 2024, the Company engaged HCF International Advisers Ltd. ("HCF") for advisory services. Guy de Selliers, the Executive Chairman of Defense Metals, is a related party to HCF as he is the majority owner. Fees incurred with HCF during this period totaled \$117,910, and these services were conducted on terms comparable to those available to unrelated third parties. As at September 30, 2024, \$104,000 was owing to the Executive Chairman for consulting services.

As at September 30, 2024, \$55,913 was owing to Directors of the Company for director services. Amounts owing to related parties are unsecured, non-interest bearing, and carry no fixed terms of repayment.

**Off-Balance Sheet Transactions and Proposed Transactions**

As at the date of this report, Defense Metals has not entered into significant off-balance sheet arrangements or commitments.

As at date of this report, the Company does not have any proposed transactions that are not already disclosed.

**DEFENSE METALS CORP.**

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

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**CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Company's annual audited Consolidated 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. There were no critical accounting estimates required by management in preparation of the consolidated financial statements.

*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 development, metallurgical work and exploration programs undertaken by the Company are the sale of equity capital, the sale of an additional royalty or streaming interest, 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.

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- 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 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 DISCLOSURE FOR TORONTO STOCK EXCHANGE VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning the Company's general and administrative expenses and exploration and evaluation assets is provided in Defense Metals' Statement of Comprehensive Loss and schedule of Exploration and Evaluation Assets contained in its condensed interim financial statements for the six months ended September 30, 2024 and its audited Consolidated Financial Statements for the Years Ended March 31, 2024 and 2023, available on [www.sedarplus.ca](http://www.sedarplus.ca).

**ADDITIONAL INFORMATION**

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Additional information relating to the Defense Metals is available on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval website at [www.sedarplus.ca](http://www.sedarplus.ca) and on our website at [www.defensemets.com](http://www.defensemets.com) or by contacting:

**Defense Metals Corp.**

Attention: Alex Heath, SVP Corporate Development & Interim CFO  
Suite 1020 – 800 West Pender St, Vancouver, BC V6C 2V6 CANADA

Tel: (604) 354-2491 Email: [info@defensemets.com](mailto:info@defensemets.com)

**APPROVAL**

The Board of Directors of Defense Metals Corp. has approved the disclosure contained in this MD&A.

**DEFENSE METALS CORP.**

/s/ Guy de Selliers  
Executive Chairman

**DEFENSE METALS CORP.**

/s/ Dale Wallster  
Director