

**ICONIC MINERALS LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
NINE MONTHS ENDED MAY 31, 2023**

Dated: July 28, 2023

OVERVIEW

The following management discussion and analysis (“MDA”) of the financial position of Iconic Minerals Ltd. (“Company”) and results of operations should be read in conjunction with the audited consolidated financial statements for the year ended August 31, 2022 and the unaudited condensed consolidated interim financial statements for the nine months ended May 31, 2023. All monetary amounts referred to herein are in Canadian dollars unless otherwise stated. The financial statements together with this MDA are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

Except as described in Note 2 to the Financial Statements, the accounting policies in these condensed consolidated interim financial statements are the same as those applied in the Company’s financial statement for the year ended August 31, 2022.

Additional information related to the Company is available for view on SEDAR at www.sedar.com, on the Company’s website at www.iconicmineralsltd.com, or by requesting further information from the Company’s head office in Vancouver.

FORWARD LOOKING STATEMENTS

Information contained in this MDA that is not historical fact may be considered “forward looking statements”. These forward looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Company’s objectives, goals or plans are forward looking statements. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors, including such variables as new information regarding recoverable reserves, changes in commodity demand and prices, legislative, environmental and other regulatory or political changes, competition in areas where the Company operates, and other factors discussed herein. Readers are cautioned not to place undue reliance on this forward looking information.

DESCRIPTION OF BUSINESS

Iconic Minerals Ltd. (TSX-V: ICM) is a mineral exploration company focused on acquiring and exploring gold and lithium properties in Nevada and Canada leading to NI43-101 compliant mineral resources in the near term. Although its Canadian properties were impaired in prior fiscal years, the Company continues to investigate new Canadian properties to acquire and explore.

In December 2015, the Company entered into a property option agreement with a related party to acquire a 100% interest in certain Lithium claims located in Nye County, Nevada. The Company has expanded its Bonnie Claire lithium project to 921 claims comprising 18,420 acres (28.75 mi²).

The Company holds highly prospective gold exploration properties in Nevada with the potential to host both Carlin-type and Round Mountain style gold/silver deposits. The Company, through option agreements, has acquired 50% interests in the New Pass and Midas South properties located in Nevada.

In September 2011 the Company entered into an earn-in agreement to acquire up to a 70% interest in a lease in the Hercules Project located in Lyon County, Nevada. During fiscal 2014, the Company amended the earn-in agreement to obtain an additional 30% interest in the lease of the property (for a total of 100%). In August 2019 the Company entered into an agreement with Great Basin Resources Inc., Eclipse Gold Mining Corporation and Hercules Gold USA, a subsidiary of Eclipse, on the Hercules project. The terms of the amended underlying lease agreement are disclosed in the consolidated financial statements.

In January 2018 the Company entered into an exclusive definitive licensing agreement with St-Georges Platinum and Base Metals Ltd. (“St-Georges”) to utilize its proprietary lithium extraction, purification and processing technology.

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The Agreement grants the Company the exclusive right to a site license within the state Nevada, to use St-Georges' proprietary and related technology, products, patents and future improvements for the purpose of extracting, processing and selling lithium. Pursuant to the Agreement, St-Georges has agreed to provide engineering and technical services on all licensed production sites.

In consideration for the licensing rights, the Company has agreed to issue St-Georges a total of 5,000,000 common shares in its capital stock in stages over a 36 months period, subject to performance benchmarks outlined below:

- 2,000,000 common shares upon Stage 1 Benchmark completion: which is defined by the delivery of an independent laboratory report currently commissioned by St-Georges, indicating positive viable lithium recoveries; (On August 29, 2019, 2,000,000 common shares were issued to St-Georges)
- 1,500,000 shares upon Stage 2 Benchmark completion: which is defined by independent report describing results of initial pilot mining operations and the processing of a minimum of one metric ton in a simulated industrial environment; and
- 1,500,000 shares upon Stage 3 Benchmark completion: which is defined by the reception of a Preliminary Economical Assessment Report or at commercialization decision or the third-year anniversary mark of this Agreement assuming other issuance have been completed.

The Company has agreed to pay a Net Revenue Interest Royalty (NRI) of 5% on all minerals produced and sold on all production sites licensed with St-Georges' technologies. The Company is entitled to receive 20% of royalties received by SX from other operations within a specified area.

During the year ended August 31, 2019, the Company executed an option to invest \$100,000 into units of St-Georges at a price of \$0.10 per unit in a private placement. In addition, in July 2019, the Company received the Phase I independent report titled "Bonnie Claire Metallurgical Evaluation and Process Development" from St-Georges. St-Georges has developed Nitric Acid leaching methodology that puts between 99.97% and 100% of the lithium from the sediments into solution at room temperature within 1-4 hours. St-Georges completed a performance benchmark resulting in the Company issuing 2,000,000 common shares with a value of \$234,000 to St-Georges. The shares will remain in escrow for three years.

On July 7, 2023, the Company entered into a technology development and licence agreement assignment and amending agreement with St-Georges and Nevada Lithium Resources Inc. ("Nevada Lithium") Pursuant to the March 24, 2023 arrangement agreement, the Company transfer 50% interest of Bonnie Claire property to Nevada Lithium, the parties agreed to assign to Nevada Lithium all rights and obligation of the Company in respect of the Bonnie Claire property. The Company will remain responsible for the issuance i) 1,500,000 shares to St-Georges upon the completion of the stage 2 benchmark; and ii) 1,500,000 shares to St-Georges upon the completion of the stage 3 benchmark.

UNITED STATES

Overview

With the farm out of the Hercules Project the Company has brought in additional funding which will be used to develop the Bonnie Claire project. The New Pass and Midas South properties will be further explored once the property is advanced.

Lithium Project, Nevada

Bonnie Claire

In December 2015, the Company entered into a property option agreement with a related party (Richard Kern, CEO) ("Vendor") to acquire a 100% interest in certain Lithium claims located in Nye County, Nevada.

The Company may earn its 100% interest in the property by: (a) reimbursing expenses not to exceed US \$20,000 for the property (paid); (b) expending initial claim filing fees and expenses estimated to be US \$76,500 (paid); and (c) expending US \$100,000 (incurred) for the first-year exploration development program, and by thereafter completing

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additional work requirements for the second (US \$200,000-incurred), third (US \$400,000-incurred) and fourth (US \$600,000) year totaling US \$1,200,000.

The Vendor will retain a 4.5% NSR royalty, 1.5% of which the Company shall have the right to buy back within 90 days of the property going into production for US \$2,000,000, and an additional 1.5% of which the Company shall have the right to buy back within 180 days of the property going into production for US \$4,000,000; and (b) a cash payment of US \$1,000,000 to be made by the Company to the Vendor upon the property attaining commercial production.

The Property is a lithium brine target. It is located within a valley that is over +20 miles (+30 km) long and 12 miles (20 km) wide into which streams from an +800 mi² (2,070 km²) drainage basin empty. The source rocks are quartz-rich volcanics that contain anomalous amounts of lithium. Sampling of salt flats within the basin indicates lithium values in salt samples ranging from 50 to 340 ppm. The deeper part of a gravity low within the valley is 12 miles (20 km) long, and initial estimates of the depth to bedrock ranges from 1,500 to 2,000 feet (460-610 m) within this low. The current claim block covers the gravity low and associated mud flats that could be used for evaporation ponds if significant lithium brines are discovered in drilling.

In October 2018, the Company completed a NI 43-101 technical resource study. The report defined inferred resources of 5,370 billion kilograms or 11.839 billion pounds of elemental lithium. The lithium carbonate equivalent consists of lithium carbonate and lithium chloride. The average grade of the current resources is 963 ppm lithium. Bulk sample metallurgy was conducted by St-Georges.

On April 1, 2019, St-Georges achieved complete and total recovery in leach of lithium from the bulk material and reported leaching 100% of the lithium while not affecting 88% of the remaining solids. The process uses Nitric and Citric acid at room temperature which reduces cost over other leaching methods. The sample tested which contained 963 ppm Li before processing contained 8,025 ppm lithium after processing, a gain of 833 percent, and because the leach process removes most of the salts from the sediment, the remaining material may be suitable for a nitrate-based fertilizer by-product.

In August 2020, the Company has mobilized a drill crew and drilling equipment to the Bonnie Claire. The drilling contract was signed with Harris Exploration Drilling of Fallon, Nevada, for both core and RC drilling.

In September 2020, the Company completed two core holes at Bonnie Claire. A total of 221 meters (726 feet) of drilling was completed in the two vertical holes. Both NQ (7.57 cm. or 3-inch diameter) core holes had excellent recovery except in rare sandy beds. Dark green claystone, indicative of lithium bearing sediments, were intersected from 2.4 meters (8 feet) to total depth in both holes. The claystone is overlain by thin alluvial cover. The core was quartered using a core saw and one quarter set to ALS Chemex in Reno, Nevada for multi-element analysis. The remaining core was used in engineering studies for a Preliminary Economic Assessment (PEA).

In October 2020, the Company received geochemical results for sediments from two core holes at Bonnie Claire. Both drill holes contain intercepts of +1,000 ppm lithium and continue to show that results are consistent with those from prior drilling. Sediment geochemical analysis was done by ALS Chemex of Reno, Nevada. Core hole BC2001C intersected 67 meters (220 feet) averaging 1209 ppm Li and contained a high of 1710 ppm Li. Core hole BC2002C contained a high of 1070 ppm Li. Occasional lighter colored sediments seen in the core may indicate some leaching of soluble elements is occurring. Water samples, highly diluted by added drill water, were taken from each core hole. The water samples were analyzed for dissolved lithium by Western Environmental Testing of Sparks, Nevada. Of the four samples taken the high for dissolved lithium was 38 ppm. The highest water sample taken in all of the Company's previous drilling at Bonnie Claire, with the exception of one non-repeatable sample, was 4.1 ppm Li. As a result of these encouraging results the water sampling was also taken in the RC drilling program. These samples were taken at rod changes after clearing the hole of drill water.

In October 2020, the RC (reverse circulation) drilling has now been completed. A total of four holes ranging from 61 to 109 meters (200 to 358 feet) were drilled to expand the resource and collect samples for metallurgy. Samples have been sent for testing to ALS Chemex of Reno Nevada for assaying. The drilling extended the current resource approximately 2,500 meters (8,200 feet) to the south.

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On November 30, 2020, the Company and its wholly owned subsidiary, Bonaventure, entered into an option agreement (“NL Option Agreement”) with Nevada Lithium Corp. (“Nevada Lithium”), which provides for the earn-in by Nevada Lithium of an up to 50% interest in the Bonnie Claire lithium property and the subsequent formation of a joint venture among the Company, Bonaventure and Nevada Lithium (“NL Joint Venture”).

On November 30, 2020, the Company entered into an agreement with the Vendor of the Bonnie Claire option agreement, a party related by virtue of a common director, so as to: (i) reduce the 4.5% Net Smelter Returns to 2.0% payable to Vendor or its designated assignees; and (ii) remove the right of the Company to buy back any portion of the Net Smelter Returns;

In connection with the NL Option Agreement, the Company, Bonaventure and Nevada Lithium acknowledged and agreed that the obligation to make a cash payment of \$1,000,000 to the Vendor upon the property attaining commercial production pursuant to the provision of the Bonnie Claire option agreement shall be payable by the parties to the NL Joint Venture in accordance with the parties’ participating interest in the NL Joint Venture, all on the terms and subject to the conditions set out herein.

Pursuant to the NL Option Agreement, Nevada Lithium may exercise the Option in the three stages by funding US\$5,600,000 in cumulative exploration expenditures on the Bonnie Claire Property as follow:

- Phase I – acquire 20% interest by advancing funds for exploration expenditures of US\$1,600,000 on or before March 8, 2021;(received)
- Phase II – acquire 15% interest in the property by advancing funds for exploration expenditures totaling US\$2,000,000 on or before December 1, 2021; (received)
- Phase III – acquire 15% interest in the property by advancing funds for exploration expenditures totaling US\$2,000,000 on or before December 15, 2021. (received)

As at August 31, 2022, the Company has been sent USD\$5,600,000 from Nevada Lithium, and Nevada Lithium has now obtained a 50% interest in the joint venture on the Bonnie Claire property.

Upon the exercise of the Option, Nevada Lithium has fully earned its option for an aggregate 50% ownership in the Bonnie Claire property. The Company and Nevada Lithium will form a joint venture for the development of Bonnie Claire property, with the initial joint venture interests of the parties being 50% as to the Company and 50% as to Nevada Lithium.

Subject to the terms of the NL Option Agreement, prior to the formation of the NL Joint Venture, Bonaventure is the operator of the Bonnie Claire Property.

On January 6, 2023, the Company and Nevada Lithium entered into a letter of intent, whereby Nevada Lithium and the Company would consolidate 100% interest in the Bonnie Claire property, where by Nevada Lithium would hold the 100% interest in the property.

On March 24, 2023, the Company and Nevada Lithium entered into a definitive arrangement agreement, whereby Nevada Lithium will acquire 100% interest in the Bonnie Claire property by way of a plan of arrangement. The arrangement was approved by the shareholders of the Company at the annual general and special meeting of shareholders held on May 26, 2023. On May 31, 2023, the Supreme Court of British Columbia has granted the final order approving the arrangement. The plan of arrangement was completed on July 7, 2023.

On July 7, 2023, the Company and Nevada Lithium completed the plan of arrangement under the Business Corporations ACT. Nevada Lithium acquired the Company’s 50% interest in the Bonnie Claire lithium project, upon the completion of the arrangement, Nevada Lithium now holds a 100% interest in the Bonnie Claire project.

On September 1, 2021, the Company released an updated NI 43-101 resource report for the Bonnie Claire property. The report used data collected from drilling results of three deep drill holes (average 550 meters) and seven shallow drill holes (average 90 meters) drilled to date.

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A prefeasibility study or feasibility study is required to state mineral reserves. In October 2021, the Company and its JV partner also completed a Preliminary Economic Assessment (“PEA”) also being done by Global Resource Engineering Ltd. This resource as reported in the PEA is as follows:

Class	Extraction Method Applied for Constraint	Mass (Million Tonnes)	Li Grade (ppm)	Li (Million kg)	Li Carbonate Equivalent (Million kg)
Inferred	Borehole	3,407.3	1,013.0	3,451.5	18,372.3

Bonnie Claire property economics shown in the PEA are favorable, providing positive NPV values at varying lithium carbonate prices, capital costs, and operating costs. The property has the potential to be a major supplier of lithium products in the world, and additional work is warranted.

During the year August 31, 2022, the Company completed the first core hole (BC2201C), and upgraded access allowing three drill rigs on the Bonnie Claire property. At Bonnie Claire has found by far the highest-grade lithium, the company have drill up to 5,570 ppm, as well as a shallow zone that could be amenable to pen pit mining.

On November 21, 2022, the Bureau of Land Management has accepted the Company’s Plan of Operations for the Bonnie Claire lithium property. The newly permitted exploration area covers 4,146 acres, 3,271 acres of which are salt playa. This area includes permitting for 100 acres of disturbance, 27.6 acres of which is for drill sites.

In December 2022, Geochemical results and final drill logs have been received for BC2002C and BC2004C. Results appear to show continuous Lithium mineralization in a shallow zone averaging 360 feet (110 meters) thick and a deeper zone averaging 900 feet (274 meters) thick. The drilling delineates an area 4,000 feet (1,220 meters) long in an east-west direction and 2,030 feet (618 meters) long in a north-south direction. The average Lithium grades of both mineralized zones drilled are similar in all holes drilled to date.

In February 2023, the Company announced the production of marketable battery-grade lithium carbonate from Bonnie Claire deposit material. The sample (several grams) was produced using composited core material (~30 kg) from drill hole BC2001C, collected from the interval of approximately 90 to 380 ft depth (core length). The material, with a head assay of approximately 1,000 ppm Li, was fed through a calcination and water-leach step, which prevents Fe and other deleterious elements from entering solution, allowing for a simple and straightforward downstream purification circuit to be applicable. The solution was processed through an ‘off-the-shelf’ commercial purification circuit through to the precipitation of a crude lithium carbonate product, which was then dissolved and recrystallized to produce a marketable 99.9% pure Li₂CO₃ product.

The next claims fees of approximately US\$123,025 are due to the Bureau of Land Management and Nye County in August 2023.

As at May 31, 2023, the Company has \$nil (August 31, 2022 - \$3,702,014) advances from operating partner, and recorded \$183,411 (2022 - \$18,947) management fee income from the Bonnie Claire property during the period ended May 31, 2023.

As of May 31, 2023, the Company has advanced \$67,970 (August 31, 2022 - \$326,003) to vendors for future exploration on the Bonnie Claire property.

Smith Creek

In October 2016, the Company entered into a lithium property option agreement with a company related via a common director (Richard Kern, CEO) to acquire a 100% interest in placer mining claims acres in Nevada. The Company may earn its 100% interest in the property by: (a) reimbursing the vendor for all documented expenses, not to exceed US \$40,000; (b) expending initial and annual claim filing fees and expenses being, US \$133,100, and (c) also expending for exploration in the first year US \$200,000 (Partially unexpended), second year US \$500,000, third year US \$500,000 and fourth year US \$1,000,000, totaling US \$2,000,000. The annual claims fees were paid by the optionor in August 2022, and billed to the Company. The next claims fees of approximately US\$245,908 are due in August 2023.

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The optionor agrees that the claims are in good standing. Further, the Company intends to raise funds through a private placement which will be used to address any outstanding requirements.

In the fall of 2016, the Company contracted Zonge Engineering of Reno, Nevada to do a MagnetoTelluric (MT) geophysical survey to test the property for potential conductors which indicate the presence of brine.

In March, 2017, the company completed an interpretation of the Magneto Telluric (MT) geophysical survey. The Survey was conducted along the long axes of the valley to determine the presence and the extent of the brine. The survey identified two probable brines. There is a thin, near surface anomaly that correlates with brine drilled by the USGS in a 1989 hydrology study of the basin. The USGS did not include an analysis of lithium within this study. The Survey also identified a deeper probable brine averaging 400 meters in interpreted thickness, which dips gently to the south and extends beyond the Survey to the north. The top layer of this brine anomaly occurs 200-500 meters below the surface. There were two major interpreted faults identified also.

In June 2021, the Company initiated permitting its Smith Creek Lithium project for drilling. The Notice of Intent will permit the drilling of 5 RC holes to a depth of 122 meters. These holes are designed to test the sediments and ground waters for lithium. All proposed holes are on a mud flat devoid of vegetation which should limit environmental concerns and provide easy access. In July 2021, the Company further increased the size of the Smith Creek project. The project comprises 566 claims.

On November 4, 2022, the Company entered into a binding term sheet with Lithium of Nevada Pty Ltd. ("Lithium of Nevada"), to grant to Lithium of Nevada the option to earn up to a 50% interest in the Company's Smith Creek lithium property.

In February 2023, the Company and Lithium of Nevada entered into a definitive property option agreement. Lithium of Nevada can exercise the option by making cash earn-in payments to the Company in the aggregate amount of USD\$5,600,000. The earn-in payments will be used to fund work programs on the Smith Creek property during the term of the option and will be payable as follows:

- USD\$1,750,000 on or before March 19, 2023 (received USD\$200,000 deposit in November 2022, USD\$150,000 in February 2023 and USD\$25,320 in May 2023);
- USD\$1,250,000 on or before May 31, 2023;
- USD\$1,500,000 on or before June 30, 2023;
- USD\$1,100,000 on or before September 30, 2023.

Upon the completion of all earn-in payments, Lithium of Nevada will have earned a 50% interest in the Smith Creek property. The Company and Lithium of Nevada will form a joint venture, with the initial joint venture interests of the parties being 50% as to the Company and 50% as to Lithium of Nevada.

In February 2023, the Company has commenced a new MT survey at the Smith Creek property. The purpose of the new survey is to define the location and depths of high conductivity zones in the subsurface more precisely.

In May 2023, the Company has completed the new MT survey. The 7 lines interpreted by Fritz Geophysics, revealed a low resistivity zone roughly 1000 feet (305 meters) below surface that may indicate a brine system or salty sediments. This was the target of the MT survey, and the spatial definition of this large, low resistivity layer is now much better understood. In several MT sections, the lower resistivity target is interpreted to be at least 700 feet (213 meters) thick.

In response to the encouraging results of the MT survey, the claim block at Smith Creek has been expanded from 566 claims to 818, and now covers an area of roughly 26 square miles (67 square kilometers). While the new MT lines have enhanced understanding of the low resistivity zone's extents and properties, additional MT, along with other geophysical methods including active or passive seismic, are being evaluated to better define the target.

As at May 31, 2023, the Company has \$295,046 (August 31, 2022 - \$nil) advances from operating partner, and recorded \$10,212 (2022 - \$nil) management fee income from the Smith Creek property during the period ended May 31, 2023.

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As of May 31, 2023, the Company has advanced \$81,558 (August 31, 2022 - \$326,003) to vendors for future exploration on the Smith Creek property.

In June 2022, the Company increased the size of the Smith Creek project. The project now comprises 818 claims for an area of 11,320 acres.

Hercules Project, Nevada

The Company is a party to an earn in agreement, subsequently amended, with a company related by virtue of a common director, on certain claims in Lyon County, Nevada.

On August 9, 2019, the Company entered into an agreement (“Hercules Option Agreement”) with Great Basin Resources Inc., Eclipse Gold Mining Corporation (“Eclipse”) and Hercules Gold USA, LLC (“HGU”), a subsidiary of Eclipse, in respect of the Hercules project.

In consideration for the termination of the existing option and data transfer, Eclipse will:

- make a cash payment to Iconic in the sum of \$325,000 within five business days of the execution of the Hercules Option Agreement (received); and
- issue up to an aggregate of 4,000,000 common shares in the capital of Eclipse to the Company as follows:
 - 1,000,000 Eclipse shares on the date which is 10 days immediately following the date on which Eclipse’s share become listed on a public stock exchange or stock quotation system (“Listing Date”); (received on February 28, 2020 valued of \$720,000) and
 - 1,000,000 Eclipse shares on each of the first, second, and third anniversary dates of the Listing Date (Amending agreement on February 12, 2021).

Under the terms of the Hercules Option Agreement, Great Basin Resources Inc. has granted an option (“HGU Option”) to HGU, under which HGU must complete certain exploration expenditures over a three-year period and make cash payments to Great Basin Resources Inc. In the event that HGU fails to exercise the HGU Option in accordance with the Hercules Option Agreement, the Company may elect to receive an assignment of HGU’s rights and benefits under the Hercules Option Agreement and to assume certain of HGU’s remaining obligations under the Hercules Option Agreement as may be outstanding at such time. The term of the HGU Option is the earlier of the date of exercise of the HGU Options, the termination of the Hercules Option Agreement or 12 years from the Listing Date.

Pursuant to the Hercules Option Agreement, the Company terminated the existing option, and lease, and transferred the existing data to HGU. The Company has recorded the receipt of the \$325,000 paid by Eclipse as a recovery to the property. No value has been assigned to the Eclipse shares as they are contingently issuable by Eclipse pursuant to the option agreement without recourse. As the Company has terminated its option with Great Basin, the property has been written off by \$1,009,462 during the year ended August 31, 2019. As and if Eclipse shares are received, the value will be recorded as recovery to profit or loss upon receipt of the shares.

During the year ended August 31, 2020, the Company received 1,000,000 shares of Eclipse value of \$720,000, and is recorded as gain on disposal of Hercules property. Additionally, the Company received a refund of \$168,506 from the Bureau of Land Management for the Hercules project reclamation bond, and reversal of retirement obligation \$11,591. During the year ended August 31, 2020, the Company recorded a gain of \$900,098 on Hercules property.

On February 12, 2021, the Company entered into an amending agreement with Great Basin Resources Inc., Eclipse, Hercules, and Elevation Gold Mining Corporation (formerly Northern Vertex Mining Corp.) (“Elevation Gold”) to add Elevation Gold as a party to the agreement and to agree that rather than Eclipse issuing to the Company the remaining 3,000,000 option shares, Elevation Gold will issue to the Company 3,270,000 pre-consolidation common shares of Elevation Gold as follows:

- 1,090,000 on February 28, 2021; (received on February 23, 2021)
- 1,090,000 on February 28, 2022; (received 181,667 post-consolidation shares on February 28, 2022) and
- 1,090,000 on February 28, 2023. (received 181,667 post-consolidation shares on February 15, 2023)

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During the year ended August 31, 2021, the Company received 1,090,000 pre-consolidation shares of Elevation Gold valued at \$490,500, and is recorded as gain on disposal of Hercules property.

On September 24, 2021, Elevation Gold completed consolidation of its common shares on a six for one basis.

During the year ended August 31, 2022, the Company received 181,667 post-consolidation shares of Elevation Gold valued at \$118,084, and recorded it as a gain on disposal of the Hercules property.

During the period ended May 31, 2023, the Company received 181,667 post-consolidation shares of Elevation Gold valued at \$34,517, and recorded it as a gain on disposal of the Hercules property.

New Pass Property, Nevada

In April 2006 the Company received a mineral resource report on the New Pass project compiled by Sam S. Arentz III, P.E. of Sierra Environmental Engineers, Inc., Reno, Nevada. The report was prepared using NI 43-101 guidelines and standards and is identified as an addendum to the NI 43-101 report filed on SEDAR.

According to the Arentz report the New Pass project contains an Inferred Mineral Resource of 11.5 million tons (10.5 million tonnes) averaging 0.0226 oz/t (0.78 g/t) gold and 0.2214 oz/t (7.59 g/t) silver. This is equivalent to approximately 260,000 ounces of gold and 2.546 million ounces of silver. The shallow and largely oxidized nature of the resource indicates it may be amenable to open pit heap-leach mining methods.

On September 8, 2010, the Company filed an NI 43-101 technical report which included updated information on all of the drilling since the 2006 resource report. A Plan of Operation was granted in July, 2009 and bonded in November, 2009. In a news release dated June 11, 2013, the Company announced the results of the 11 holes exploration program completed during the period at the Company's New Pass property.

During fiscal 2016 the Company decided to concentrate its resources and efforts towards its Bonnie Claire and Hercules Project properties, and accordingly impaired the New Pass Property to a nominal value, but continues to hold the rights to further explore this property. The next claims fees of approximately US\$10,000 are due in August 2023.

Midas South Property, Nevada

The Midas South (previously Squaw Creek) property is located in the Ivanhoe Mining District, four miles northwest of the Hollister Deposit and is 15 miles southeast of the Ken Snyder Deposit in the Midas Mining District. Both the Ivanhoe Mining District and the Midas Mining District lie on the northwest strike projection of the Carlin Trend and within the Northern Nevada Rift. The Midas Mining District lies at the northwest end of a line of gold deposits, which extends to the southeast to the Rain deposit, south of Carlin. The property is a joint venture with McEwen Mining Inc. (Formerly White Knight Resources Ltd.).

According to the NI 43-101 report on the property, strongly anomalous gold mineralization has been consistently intersected in drill holes over an area 3 miles long by 1 mile wide. The Company conducted a geophysics survey of the property and a 3 holes deep core drilling program. The primary target is a high-grade vein deposit like the Ken Snyder mine or the deeper part of the Ivanhoe (Hollister) mine.

During fiscal 2012 the Company decided to concentrate its resources and efforts towards its Hercules Project properties, and accordingly impaired the Midas South Property to a nominal value, but continues to hold the rights to further explore this property. The next claims fees of approximately US\$10,000 are due in August 2023.

Proposed Transaction

On August 18, 2020, the Company announced a spin-out transaction. The Company will transfer its 50% interest in each of the New Pass and Midas South gold properties to a wholly-owned subsidiary of the Company, Goldnev Exploration Ltd. ("Goldnev"),

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The Company intends to distribute the common shares in the capital of Goldnev to the shareholders of the Company on a pro rata basis and to apply to list the Goldnev shares on the TSX Venture Exchange ("TSX"). The number of Goldnev shares to be distributed to each shareholder of the Company under the spin-out has not yet been determined. There will be no change in the shareholdings of individual shareholders of the Company as a result of the spin-out. Further details of the spin-out will be announced in the near future. Shareholders of the Company are cautioned that the final details of the spin-out are still to be determined and there is no certainty that the spin-out or the listing will be completed on the terms currently proposed or at all. The spin-out and the listing are subject to certain conditions, including, but not limited to, the receipt of all necessary approvals, including the approval of the TSX and any applicable securities regulatory and authorities.

The New Pass and Midas South gold assets are not reflected in the Company's current share price and see the spin-out as a way to create additional value for the shareholders of the Company. The spin-out will allow the SpinCo to evaluate opportunities in the gold sector, while the Company retains its primary focus on its Bonnie Claire and Smith Valley Creek lithium properties.

The spin-out and the listing are subject to certain conditions, including, but not limited to, the receipt of all necessary approvals, including the approval of the TSX and any applicable securities regulatory authorities.

CANADA

In a prior year, the Company impaired its Canadian property, but continues to seek opportunities to acquire and explore new properties.

Richard Kern, CPG #11494 and President/CEO of the Company, is the QP responsible for the technical disclosure contained in this document.

SELECTED ANNUAL INFORMATION

The following table provides a brief summary of the Company's financial operations for the prior three fiscal years.

For more detailed information, refer to the Company's financial statements for the years then ended.

Years ended August 31,	2022 - \$ -	2021 - \$ -	2020 - \$ -
Net income (loss)	(1,045,592)	(1,209,157)	586,489
Basic and diluted income (loss) per share	(0.01)	(0.01)	0.01
Total assets	9,011,309	7,043,168	4,581,207
Total long-term liabilities	1,556,794	1,740,848	1,972,860
Total equity	1,566,187	2,465,420	437,983

Year ended August 31, 2022

The Company recorded a net loss for the year of \$1,045,592 compared to a net loss of \$1,209,157 in 2021. Significant variances in costs between the two years include foreign exchange, interest expenses, management fees, loss on sale of marketable securities, unrealized gain on marketable securities, gain on sale of previously impaired assets, and management fee income from administration services in the Bonnie Claire project.

Consulting fees decreased to \$118,190 in 2022 (2021 - \$192,502) as the Company decreased the use of consultants to evaluate new potential acquisitions. Foreign exchange loss increased to \$51,804 (2021 - \$100,318 gain) due to the US dollar exchange rate changes over the current year. Loss on sale of marketable securities increased to \$303,852 (2021 - \$418,174 gain). Unrealized gain on marketable securities increased to \$50,437 (2021 - \$118,194 loss) as the Company received shares upon the Hercules Option Agreement during the year, and general market changes in the shares during the year. Impairment costs decreased to \$17,105 (2021 - \$20,221) mainly due to the impairment recorded in connection to the Midas South property. Gain of \$118,084 (2021 - \$490,500) on sale of Hercules property as the Company received payment in the current year.

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At year end, there was a working capital deficiency of \$1,920,130 (2021 - \$147,211). Net cash provided by operations was \$1,701,958 (2021 – \$29,599), net cash used in investing activities totaled \$174,703 (2021 - \$579,734 provide by), net cash used in financing activities was \$316,183 (2021 – \$1,644,949 provided by), and \$171,640 (2021 - \$nil) effect of foreign exchange on cash.

Year ended August 31, 2021

The Company recorded a net loss for the year of \$1,209,157 compared to a net income of \$586,489 in 2020. Significant variances in costs between the two years include impairment, business development, consulting fees, share-based compensation, and shareholder communication.

Business development increased to \$365,352 (2020 - \$57,921), and consulting fees increased to \$192,502 (2020 - \$73,000) commensurate with the increased level of activity relating to the business strategic development and media and marketing services in the current year. Share-based compensation increased to \$926,857 (2020 - \$nil) due to granting of stock options during the current year. Shareholder communications increased to \$96,867 (2020 - \$ 4,260) as a result of increased news release and marketing activities in the current year.

At year end, there was a working capital deficiency of \$147,211 (2020 - \$1,368,439). Net cash provided by operations was \$29,599 (2020 – \$768,593 used in), net cash provided by investing activities totaled \$579,734 (2020 - \$67,715), and net cash provided by financing activities was \$1,644,949 (2020 – \$812,201).

Summary of quarterly financial results: The following is a summary of selected financial information compiled from the quarterly interim unaudited financial statements for eight quarters ending May 31, 2023:

	May 31, 2023	February 28, 2023	November 30, 2022	August 31, 2022
<i>Three months ending</i>	- \$ -	- \$ -	- \$ -	- \$ -
Total assets	5,427,759	6,100,951	7,245,837	9,011,309
Exploration and evaluation assets	4,765,492	4,743,173	4,730,439	4,717,108
Working capital (deficiency)	(2,040,681)	(2,160,808)	(2,019,219)	(1,920,130)
Long term liabilities	54,372	1,579,754	1,569,045	1,556,794
Shareholders' equity	2,819,967	1,152,089	1,344,783	1,566,187
Net income (loss)	(1,287,579)	(203,048)	(796,887)	(224,380)
Income (loss) per share	(0.01)	(0.00)	(0.01)	(0.00)

	May 31, 2022	February 28, 2022	November 30, 2021	August 31, 2021
<i>Three months ending</i>	- \$ -	- \$ -	- \$ -	- \$ -
Total assets	11,181,213	11,955,978	6,698,883	7,043,168
Exploration and evaluation assets	4,620,516	4,585,902	4,558,895	4,348,605
Working capital deficiency	(1,210,761)	(304,014)	(546,490)	(147,211)
Long term liabilities	1,517,647	1,740,393	1,745,565	1,740,848
Shareholders' equity (deficiency)	2,209,098	2,541,922	2,271,768	2,465,420
Net income (loss)	(349,962)	(211,612)	(259,638)	(418,718)
Income (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)

In the quarter ending May 31, 2023, the Company's net loss increased to \$1,287,579 due to the increase in professional fees to \$724,497 for the Bonnie Claire arrangement and a loss of \$70,645 on sale of marketable securities. In the quarter ending February 28, 2023, the Company's net loss decreased to \$203,048 due to a gain on sale of a previously impaired asset recorded on the Hercules project as the Company received 181,667 shares of Elevation Gold at a fair value of \$34,517, unrealized gain of \$93,659 on the holds marketable securities, and management fee income of \$163,120 on the administration services in Bonnie Claire and Smith Creek projects. In the quarter ending August 31, 2022, the Company's net loss decreased to \$224,380 due to management fee income of \$105,891 on the in the Bonnie Claire project. In the quarter ending February 28, 2022, the Company's net loss

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decreased to \$211,612 due to gain on sale of the Hercules project as the Company received 181,667 shares of Elevation Gold at a fair value of \$118,084. In the quarter ending August 31, 2021, the Company's net loss decreased to \$418,718 due to the management fee income of \$42,599 in the Bonnie Claire project.

Total assets, working capital and shareholders' equity increased in the quarter ending February 28, 2022 as a result of exercise of 3,305,000 warrants were exercised for \$495,750, of which \$375,000 remains receivable, and USD\$4,000,000 received from Nevada Lithium for the exploration expenditures on Bonnie Claire property on Bonnie Claire option agreement.

In the nine months ended May 31, 2023 and 2022:

The Company had a net loss of \$2,287,514 in the period compared to a net loss of \$821,212 in the prior comparable period. Most expenses were similar in both periods, with the most significant variances explained in the following table:

<i>Nine months ended</i>	May 31, 2023 - \$ -	May 31, 2022 - \$ -
Consulting fees	277,856	94,190
<i>The increase in consulting fees is due to the increase advisor and consultant services in business development, corporate communications, and potential lithium acquisitions in the current period;</i>		
Foreign exchange	77,190	6,514
<i>The change was due directly to the US dollar exchange rate changes over the comparative periods applied to the outstanding US dollar accounts payable;</i>		
Professional fees	814,444	164,670
<i>The increase in professional fees is due to the increase advisor and consultant services in Bonnie Claire arrangement with Nevada Lithium in the current period;</i>		
Share-based compensation	564,193	-
<i>The increase in share-based payment is due to the granting of stock options in the current period;</i>		
Unrealized gain on marketable securities	(151,171)	(72,087)
<i>The change is due to a change in the market values in the comparative periods applied to the marketable securities;</i>		
Loss on sale of marketable securities	154,133	303,852
<i>The Company recognized a gain of \$26,170 upon the sale of 250,000 shares of St-Georges and a loss of \$180,303 upon shares of 218,000 shares of Elevation Gold in the current period, and a loss of \$303,852 upon the sale of 44,500 shares of Elevation Gold and 20,000 shares of Canadian Energy corp. in the prior period,</i>		
Other Income	(193,623)	(18,947)
<i>The Company recorded \$183,411 income from administration services in the Bonnie Claire and Smith Creek projects in the current period, and \$10,212 in the Bonnie Claire project in the prior period;</i>		
Gain on sale of Hercules property	(34,517)	(118,084)
<i>The Company received shares of \$34,517 on the Hercules option agreement in the current period, and \$118,084 in the prior period.</i>		

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In the three months ended May 31, 2023 and 2022:

The Company had a net loss of \$1,287,579 in the period compared to a net loss of \$349,962 in the prior comparable period. Most expenses were similar in both periods, with the most significant variances explained in the following table:

<i>Three months ended</i>	May 31, 2023 - \$ -	May 31, 2022 - \$ -
Consulting fees	82,500	24,000
<i>The increase in consulting fees is due to the increase advisor and consultant services in business development, corporate communications, and potential lithium acquisitions in the current period;</i>		
Foreign exchange loss (gain)	7,449	(2,258)
<i>The change was due directly to the US dollar exchange rate changes over the comparative periods applied to the outstanding US dollar accounts payable;</i>		
Professional fees	724,497	70,989
<i>The increase in professional fees is due to the increase advisor and consultant services in Bonnie Claire arrangement with Nevada Lithium in the current period;</i>		
Unrealized loss (gain) on marketable securities	(57,512)	20,155
<i>The change is due to a change in the market values in the comparative periods applied to the marketable securities;</i>		
Loss on sale of marketable securities	70,645	110,195
<i>The Company recognized a loss of \$70,645 upon the sale of certain shares in the current period, and a loss of \$110,195 in the prior period.</i>		

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date primarily through the issuance of common shares, exercise of stock options and related party advances. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

As at May 31, 2023, the Company had a working capital deficit of \$2,040,681 (August 31, 2022 - \$1,920,130) and a cumulative deficit of \$51,319,896 (August 31, 2022 - \$49,032,382). Management considers its cash-on-hand is not sufficient to fund its recommended exploration work, planned acquisition program and corporate overhead through the next twelve months. Accordingly, the Company is continuing to seek additional funds from existing shareholders and potential investors.

The Company has several overdue payments required on its Smith Creek projects, as well as substantial expenditure requirements.

To address these issues, the Company has performed or is performing the following:

Pursuant to the Hercules Option Agreement, the Company terminated the existing option, and lease, and transferred the existing data to HGU. The Company recorded the receipt of the \$325,000 paid by Eclipse as a recovery to the property. As the Company has terminated its option with Great Basin, the property has been written off by \$1,009,462 during the year ended August 31, 2019.

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During the year ended August 31, 2020, the Company received 1,000,000 shares of Eclipse valued at \$720,000, and the Company recorded it as recovery to profit or loss. The Company also received a refund of \$168,506 (US\$118,851) from the Bureau of Land Management for the Hercules Project reclamation bond.

During the year ended August 31, 2021, the Company received 1,090,000 shares of Elevation Gold value at \$490,500, and the Company recorded it as recovery to profit or loss.

During the year ended August 31, 2022, the Company received 181,667 shares of Elevation Gold valued at \$118,084, and the Company recorded it as recovery to profit or loss.

During the period ended May 31, 2023, the Company received 181,667 shares of Elevation Gold valued at \$34,517, and the Company recorded it as recovery to profit or loss.

With the farm out of the Hercules Project the Company has brought in additional funding which will be used to develop the Bonnie Claire and Smith Creek projects. The New Pass and Midas South properties will be further explored once this property is advanced.

During the year ended August 31, 2022, 3,305,000 warrants were exercised for proceeds of \$495,750, of which \$375,000 remains receivable.

On September 7, 2022, the Company granted stock options to certain eligible directors, officers and consultants to purchase a total of 8,000,000 common shares. The stock options vest immediately and are exercisable, in whole or in part, at an exercise price of \$0.11 per share on or before September 7, 2025. The grant date fair values of the options granted above were based on the following assumptions: share price at grant date of \$0.10; exercise price of \$0.11; expected life of 3 years; expected volatility of 121%; risk free interest rate of 3.57%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

On December 12, 2022, 2,500,000 common shares were cancelled due to incomplete transfer of funds for warrants exercise included as subscription receivable as at August 31, 2022.

On March 15, 2023, the Company entered into a debt settlement agreement for the \$2,000,000 long-term debt plus accrued and unpaid interest by the issuance of 11,001,100 shares of the Company at a deemed price of \$0.1818 per debt share.

On March 31, 2023, the Company entered into debt settlement agreements with certain creditors for debts in the amount of \$947,157 to be settled by the issuance of 5,262,173,000 common shares of the Company at a deemed price of \$0.1792 to \$0.18 per share.

On June 28, 2023, the Company entered into a debt settlement agreement with a creditor for debts in the amount of \$180,000 to be settled by the issuance of 1,000,000 common shares of the Company at a deemed price of \$0.18 per share.

On June 30, 2023, the debt settlement is approved by the TSX Venture Exchange. The Company issued 17,263,273 for the debt settlements.

If the Company is unable to raise sufficient funds through the above items or conclude satisfactory renegotiations with the optionors on the Smith Creek, it is likely that these projects may be impaired or lost. Management anticipates that these issues will be resolved in this fiscal year.

The Company's future capital requirements will depend on many factors, including costs of exploration and development of the properties, cash flow from operations, costs to complete additional exploration, and competition and global market conditions. The Company's recurring operating losses and growing working capital needs will require that it obtain additional capital to operate its business.

The Company will depend on outside capital to complete the exploration and development of the resource properties. Such outside capital will include the sale of additional common shares. There can be no assurance that capital will be available as necessary to meet these continuing exploration and development costs or, if the capital is available,

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that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in a significant dilution in the equity interests of its current shareholders. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success may be adversely affected.

RELATED PARTY TRANSACTIONS

During the period ended May 31, 2023 and 2022, transactions with key management were as follows:

	2023	2022
	- \$ -	- \$ -
Management fees paid or accrued to the CEO ⁽¹⁾ and CFO ⁽²⁾	77,206	75,021
Fees paid or accrued to the CEO or Company under control by CEO included in exploration and evaluation assets	61,422	73,055
Consulting fees paid or accrued to a company controlled by the corporate manager ⁽⁵⁾	49,500	36,000
Consulting fees to a company controlled by director ⁽⁶⁾	49,500	36,000
Fees paid or accrued to a company controlled by the corporate manager for office administration and accounting ⁽⁵⁾	112,500	112,500
Fees paid or accrued to a company controlled by the corporate manager for business development ⁽⁵⁾	135,000	135,000
Share-based compensation ^{(1) (2) (3) (4) (5) (6)}	416,092	-
Total	901,220	467,576

The amounts due to key management personnel as at May 31, 2023 and August 31, 2022 were as follows:

	May. 31,	Aug. 31,
	2023	2022
	- \$ -	- \$ -
Included in accounts payable are amounts due to the corporate manager, or MLTK Management Inc., or Simco Services Inc. or Simco Financial and Corporate Services Inc., companies controlled by the corporate manager ⁽⁵⁾	127,079	27,226
Included in accounts payable are amounts due to Richard Kern, director, or Great Basin Resources Inc., companies related to him ⁽¹⁾	177,470	831,465
Total	304,549	858,691

DIRECTORS AND OFFICERS

¹ Richard Kern, President, Director and CEO

² Richard Barnett, CFO & Secretary

³ Jurgen Wolf, Director

⁴ Huitt Tracey, Director

⁵ Joe DeVries, Corporate Manager

⁶ Keturah Nathe, Director

As at May 31, 2023, \$10,587 (August 31, 2022 - \$16,735) was prepaid to the corporate manager, and \$92,207 (August 31, 2022 - \$65,000) advanced to the company controlled by the corporate manager for future services on Bonnie Claire property.

The remuneration of directors and other key management personnel, which include the amounts disclosed above for the period ended May 31, 2023 and 2022, were as follows:

	2023	2022
	- \$ -	- \$ -
Short-term employee benefits – management, administrative, and consulting fees ^{(1) (2) (5) (6)}	176,206	147,021
Share-based compensation ^{(1) (2) (3) (4) (5) (6)}	416,092	-

Management fees are charged by the CEO and the CFO for the overall management of the Company. Consulting fees are charged by the Corporate Manager to run the day to day operations as well as raising funds. Administration

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fees are charged as reimbursements for rent, accounting, securities administration, reception and other office services expended on behalf of the Company.

These transactions and the other related party transactions disclosed elsewhere in the financial statements were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

All of the above items are charged on a month-to-month basis and there are no long-term compensation agreements with any related parties.

OTHER MATTERS

Outstanding Share Data: As at May 31, 2023, the Company has 130,245,778 common shares outstanding. Subsequent to the period ended May 31, 2023, 17,263,273 shares issued for debt settlement.

As of today, the Company has 147,509,051 common shares outstanding.

Stock options: As at May 31, 2023, and at the current date, the Company has 8,000,000 stock options outstanding.

Warrants: As at May 31, 2023, and at the current date, the Company has no warrants outstanding.

Off-Balance Sheet Arrangements: The Company has not entered into any off-balance sheet arrangements.

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Receivables are measured at amortized cost with subsequent impairments recognized in profit or loss and cash, restricted cash, and marketable securities are classified as FVTPL.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable, accrued liabilities and long-term liabilities (including current portion) are classified as other financial liabilities and carried on the statement of financial position at amortized cost.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The accompanying consolidated financial statements are prepared by management in accordance with International Financial Reporting Standards ("IFRS") and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

RISKS

The Company is engaged in the exploration for and development of exploration and evaluation assets. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases, eliminate. The commercial viability of any material deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade, proximity to infrastructure. Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts revenues and expenses during the reporting period. Actual results could differ from those estimates.

Annual losses are expected to continue until the Company has an interest in an exploration and evaluation asset that produces revenues. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. The accompanying consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

Any forward-looking information in the management discussion and analysis is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from

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current expectations. With respect to the company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting ("ICFR") or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. We have designed controls for this process and have conducted an evaluation which has identified potential weaknesses in such controls. Due to the limited number of staff, it is not feasible to attain complete segregation of incompatible duties. Weaknesses in the Company's internal controls over financial reporting allow for a greater likelihood that a material misstatement would not be prevented or detected.

The company is not required to certify the design and evaluation of its ICFR and has not completed such an evaluation, and inherent limitations on the ability of the certifying officers to design and implement, on a cost-effective basis, ICFR for the company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.