

ARBOR METALS CORP.
(the "Company" or "Arbor")
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Nine Months Ended July 31, 2022

The following Management's Discussion and Analysis ("MD&A") prepared as of August 23, 2022, should be read in conjunction with the unaudited consolidated interim financial statements and related notes of the Company for the nine months ended July 31, 2022 and the audited consolidated financial statements for the year ended October 31, 2021. The consolidated financial statements have been prepared using accounting principles consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"). All monetary amounts in this MD&A and in the consolidated interim financial statements are expressed in Canadian dollars unless otherwise stated. Additional information on the Company can be found on SEDAR at www.sedar.com. The reader should be aware that historical results are not necessarily indicative of future performance. The consolidated financial statements together with the following MD&A are intended to provide readers with a reasonable basis for assessing the financial performance of the Company.

Arbor Metals Corp. was incorporated in the Province of British Columbia on May 19, 2011 and began trading on the TSX-Venture Exchange ("TSX-V") on October 24, 2012. The Company is listed on the TSX-V under the symbol "ABR".

Forward Looking Statements

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Certain statements contained in this MD&A constitute forward-looking statements. The use of any words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of August 23, 2022.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.
- The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason except as required by law.

For a description of factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Mining Risks" and "Business Risks".

Overall Performance

The Company is engaged primarily in the business of identifying, acquiring and exploring and, if warranted, developing natural resource properties. The Company is a development stage company, has produced no revenues to date and is reliant on the issuance of shares and debt to finance continued exploration activities and operations.

On December 2, 2019, as amended on March 2, 2020, Kruger Gold Corp. (“Kruger”), the Company’s subsidiary, entered into a property option agreement (the “Agreement”) with Nexus Gold Corp. (“Optionor”) to acquire a 100% interest in a mineral exploration permit located in Burkina Faso, West Africa, commonly referred to as the “Rakounga Gold Project” (the “Project”).

Kruger has control over operations conducted on the Project and can acquire a 90% interest in the Project by completing a series of cash payments totalling \$1,000,000 and incurring exploration expenditures of at least \$1,250,000 in the development of the Project over a five-year term. Following completion of these payments and expenditures, Kruger can acquire the remaining 10% interest in the Project for a one-time cash payment of \$1,000,000.

The Optionor is subject to an underlying option agreement with an underlying owner of the Project and a royalty agreement with Sandstorm Gold Ltd. (“Sandstorm”). As a result, the Company’s interest is subject to a 1% NSR payable to the underlying owner and a further 1% royalty in favour of Sandstorm.

On October 10, 2021, the Company, through its wholly owned subsidiary Arbor Metals USA Corp., secured 100% ownership of the Miller’s Crossing Lithium Project, Big Smoky Valley Nevada USA by staking. The Miller’s Crossing project consists of 192 claims covering 3,800 acres in the Big Smoky Valley, Nevada. The Company is currently in the process of completing its technical review of the project.

On January 26, 2022, the Company signed an option agreement to acquire a 100% interest in the Jarnet Lithium Project, which comprises 47 map-designated mineral claims covering an area of approximately 2,584 hectares in the James Bay region of Quebec. The Company can acquire this interest by completing a series of cash payments totalling \$100,000 and incurring exploration expenditures of at least \$300,000 in the development of the Project over a three-year term.

A summary of the Company’s exploration and evaluation assets follows:

	Jarnet Lithium	Miller Crossing	Rakounga Gold	Total
Balance at October 31, 2020	\$ -	\$ -	\$ 940,029	\$ 940,029
Acquisition costs	-	-	-	-
Exploration costs	-	49,348	50,550	99,898
Write down	-	-	-	-
Balance at October 31, 2021	\$ -	\$ 49,348	\$ 990,579	\$ 1,039,927
Acquisition costs	20,000	-	-	20,000
Exploration costs	95,136	13,244	12,167	120,547
Balance at July 31, 2022	\$ 115,136	\$ 62,592	\$ 1,002,746	\$ 1,180,474

Selected Annual Information

The following table summarizes financial information, prepared in accordance with IFRS, for the Company for the years ended October 31, 2021, 2020 and 2019.

	October 31, 2021	October 31, 2020	October 31, 2019
	\$	\$	\$
Current assets	140,322	169,545	1,012,918
Exploration and evaluation properties	1,039,927	940,029	10,000
Total assets	1,180,249	1,109,574	1,022,918
Current liabilities	617,766	211,719	20,963
Total non-current financial liabilities	Nil	513,369	Nil
Total revenue	Nil	Nil	Nil
Net loss	(231,826)	(755,469)	(163,060)
Net loss per share, basic and diluted	(0.00)	(0.02)	(0.01)
Weighted average number of common shares outstanding	51,204,322	46,805,774	15,178,611

In 2021, the Company expanded its exploration activities by staking the Miller Crossing Lithium Project in Nevada and acquiring an option on the Jarnet Lithium Project in Quebec. It also reduced some debt, which was funded by the exercise of share purchase warrants.

In 2020, the Company's primary focus was the acquisition of a property option interest in the Rakounga Gold Project, described above. It financed that acquisition with loans from investors and a credit facility from an arm's length third party. The Company incurred significant corporate communication fees to obtain financing.

During 2019 the Company reduced its expenses while it searched for opportunities. Most of the year's loss related to professional fees resulting from the private placement financing and share-based compensation expense resulting from share options granted during the year.

The Company has no dividend policy and has no intention of developing a dividend policy in the foreseeable future. The Company has paid no dividends and has no retained earnings from which it might pay dividends.

Summary of Quarterly Results

The following is a summary of selected financial data for the Company for the eight most recently completed quarters.

	3 Months ended Jul 31, 2022 \$	3 Months ended Apr 30, 2022 \$	3 Months ended Jan 31, 2022 \$	3 Months ended Oct 31, 2021 \$	3 Months ended Jul 31, 2021 \$	3 Months ended Apr 30, 2021 \$	3 Months ended Jan 31, 2021 \$	3 Months ended Oct 31, 2020 \$
Total revenue	Nil							
Net income (loss)	(61,518)	(62,619)	(39,507)	(120,999)	(77,677)	(96,320)	63,170	(446,449)
Net loss per share, basic and diluted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Total assets	1,331,080	1,248,705	1,124,573	1,149,425	1,049,111	1,106,153	1,191,186	1,109,574
Total liabilities	706,241	638,348	601,597	586,942	570,777	550,141	538,618	725,088
Total shareholders' equity	624,839	610,357	522,976	562,483	478,334	556,012	652,568	384,486

Results of Operations

Three months ended July 31, 2022

During the three months ended July 31, 2022, the Company recorded a comprehensive loss of \$61,518 (\$0.00 per share) compared with a loss of \$77,677 (\$0.00 per share) in the same period of 2021.

Significant items in the three months ended July 31, 2022 include:

- Consulting fees of \$8,250 (2021 period - \$21,750) paid to management;
- Professional fees of \$26,851 (2021 period - \$15,438) and transfer agent and filing fees of \$11,146 (2021 period - \$26,778) related to ongoing regulatory activities;
- Interest expense \$15,145 (2021 period - \$13,595) on the loans payable.

Nine months ended July 31, 2022

During the nine months ended July 31, 2022, the Company recorded a comprehensive loss of \$163,644 (\$0.00 per share) compared with a loss of \$111,064 (\$0.00 per share) in the same period of 2021.

Significant items in the nine months ended July 31, 2022 include:

- Corporate communications contracts of \$Nil (2021 period - \$135,000);
- Consulting fees of \$26,750 (2021 period - \$65,250) paid to management;
- Professional fees of \$43,778 (2021 period - \$32,003) and transfer agent and filing fees of \$48,253 (2021 period - \$35,033) related to ongoing regulatory activities;
- Share-based compensation expense of \$Nil (2021 period - \$54,912) reflecting the value of share options issued to investor relations consultants;
- Interest expense \$43,856 (2021 period - \$39,584) on the loans payable;
- Income from non-refundable advances on a royalty agreement of \$Nil (2021 period - \$251,500).

Liquidity and Capital Resources

As at July 31, 2022, the Company had current assets of \$150,606 to settle current liabilities of \$95,260.

During the nine months ended July 31, 2022, operating activities used \$86,815 (2021 – generated \$147,671) in cash.

Investing activities consisted of: \$140,547 in acquisition and exploration expenditures on the following: Rakounga Gold Project \$12,167; Miller Crossing Project \$13,244; and Jarnet Lithium Project \$115,136.

The Company's activities in the nine months ended July 31, 2022 were financed by the exercise of warrants, which provided cash of \$226,000. In the same period in 2021, warrants were exercised providing cash of \$150,000 and loans totaling \$200,000 were repaid.

The Company is a development stage company with no revenue producing properties and, consequently, does not generate operating income or cash flow. The Company has incurred losses since inception. The Company has relied upon loans and the issuance of equity capital to provide working capital to fund the Company's operations.

Off Balance Sheet Transactions

The Company has no off-balance sheet arrangements.

Disclosure of Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares of which 59,970,075 common shares are issued and outstanding as at the date of this MD&A.

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

	Authorized	Outstanding
Voting or equity securities issued and outstanding	Unlimited Common Shares	59,970,075 Common Shares
Securities convertible or exercisable into voting or equity securities - stock options	Stock Options to acquire up to 10% of outstanding Common Shares	Nil
Securities convertible or exercisable into voting or equity securities - warrants exercisable at \$0.04		Nil

On August 6, 2022, 19,411,500 share purchase warrants expired unexercised.

Related Party Transactions

Key management personnel comprise the Company's Board of Directors and executive officers.

During the nine months ended July 31, 2022 and 2021, no remuneration was paid to key management personnel other than as noted below:

	2022	2021
Consulting fees	\$ 26,750	\$65,250
Fees capitalized in exploration and evaluation	5,000	-
Total	\$ 31,750	\$65,250

Critical Accounting Estimates

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars which is the functional currency of the Company. All amounts are rounded to the nearest dollar. The consolidated financial statements of the Company have been prepared on an accrual basis, except for cash flow information.

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Critical accounting estimates are described in Note 3 of the audited consolidated financial statements for the year ended October 31, 2021.

Business acquisition

The Company assesses whether an acquisition should be accounted for as an asset acquisition or a business combination under IFRS 3 Business Combinations. This assessment requires management to make judgments on whether the assets acquired and liabilities assumed constitute a business as defined in IFRS 3 and if the integrated set of activities, including inputs and processes acquired, is capable of being conducted and managed as a business and the Company obtains control of the business inputs and processes.

New accounting standards issued but not yet effective

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any new standards that have been issued would have no or very minimal impact on the Company's consolidated financial statements.

Capital Management

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash and cash equivalents to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating costs over a reasonable future period. The Company accesses capital markets as necessary and may also raise additional funds where advantageous circumstances arise.

The Company is not subject to any externally imposed capital requirements. There was no change to the Company's approach to capital management during the period.

Financial Instruments

As at July 31, 2022, the Company's financial instruments consist of cash, accounts payable and loans payable.

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

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As at July 31, 2022 cash is assessed to be a Level 1 instrument.

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held at a large Canadian financial institution and in lawyers' trust accounts and therefore is not subject to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due.

The ability to do this relies on the Company maintaining sufficient cash on hand through debt or equity financing. Liquidity risk is assessed as high.

On May 12, 2020, the Company entered into a Credit Facility Agreement (“Credit Facility”) with an arms’ length third party. Pursuant to the Credit Facility, the Company received advances totaling \$500,000. The Credit Facility bears interest at a rate of 10% per annum, compounded monthly with a maturity date of May 12, 2022. On May 15, 2022, the Creditor agreed to extend the repayment date of the facility plus accrued interest to May 31, 2024.

At present, the Company’s operations do not generate positive cash flows. The Company’s primary source of funding has been the issuance of equity securities through private placements. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Interest Rate Risk

Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company’s monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market rates differ from the interest rates on the Company’s monetary assets and liabilities, the Company is exposed to interest rate price risk.

In management’s opinion, the Company is not exposed to significant interest rate risk.

Mining Risks

The Company is subject to the risks typical in the mining business including uncertainty of success in exploration and development; operational risks including unusual and unexpected geological formations, rock bursts, particularly as mining moves into deeper levels, cave-ins, flooding and other conditions involved in the drilling and removal of material as well as environmental damage and other hazards; risks that intended drilling schedules or estimated costs will not be achieved; and risks of fluctuations in the price of commodities and currency exchange rates. Metal prices are subject to volatile price movements over short periods of time and are affected by numerous factors, all of which are beyond the Company's control, including expectations of inflation, levels of interest rates, sales of gold by central banks, the demand for commodities, global or regional political, economic and banking crises and production rates in major producing regions. The aggregate effect of these factors is impossible to predict with any degree of certainty.

Business Risks

Natural resources exploration and development involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

- Operational risks include finding and developing reserves economically, changing governmental laws and regulations, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks however the Company is not fully insured against all risks nor are all such risks insurable.

- Financial risks include fluctuations in commodity prices, interest rates and foreign exchange rates, all of which are beyond the Company's control.
- Regulatory risks include possible delays in getting regulatory approval for transactions that the Board of Directors believe to be in the best interest of the Company, increased fees for filings, and the introduction of ever more complex reporting requirements, the cost of which the Company must meet in order to maintain its exchange listing.
- The outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Company or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

Outlook

The Company is actively evaluating prospects worthy of exploration and development. The ability of the Company to do so is contingent upon its ongoing ability to raise the capital necessary to advance such prospects.

Changes in Internal Controls over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the period ended July 31, 2022, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

Other Information

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com.