

**ARBOR METALS CORP.**  
(the "Company" or "Arbor")  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year ended October 31, 2021**

The following Management's Discussion and Analysis ("MD&A") prepared as of February 9, 2022, should be read in conjunction with the audited consolidated financial statements and related notes of the Company for the years ended October 31, 2021 and 2020. 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](http://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. (formerly Vela Minerals Ltd.) was incorporated under the BCA-BC on May 19, 2011 and began trading on the TSX-Venture Exchange on October 24, 2012 under the trading symbol VLA. Effective September 3, 2019, the Company changed its name from Vela Minerals Ltd. to Arbor Metals Corp. In connection with the name change, the Company also changed its stock symbol to "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 February 9, 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 material 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 evaluating, acquiring and, if warranted, developing natural resource properties in Canada. The Company is a development stage company and has produced no revenues to date and is reliant on the issuance of shares to finance continued exploration activities and operations.

On October 15, 2018, the Company acquired an option to earn a 100% interest in certain mineral claims, comprising 2,473 hectares in the Athabasca Basin, Saskatchewan (the Cree Lake property). To complete the acquisition the Company must make the following cash payments: \$10,000 on closing of a private placement (paid); and a cash payment of \$100,000 within 24 months of the signing of this agreement. Arbor must also incur qualifying exploration expenditures of at least \$100,000 within 24 months of the signing of the agreement.

The Company's interest in the Cree Lake property is subject to a 1% NSR payable to the vendor, of which 0.5% may be purchased by the Company for \$1,500,000.

The October 15, 2020 option payment was not made as management has decided to focus its efforts on other properties. Accordingly, the property was written down to \$Nil during the year ended October 31, 2020.

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. 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 2,430 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:

	Cree Lake	Miller Crossing	Rakounga Gold	Total
<b>Balance at October 31, 2019</b>	<b>\$ 10,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,000</b>
Acquisition costs	-	-	900,000	900,000
Exploration costs	5,000	-	40,029	45,029
Write down	(15,000)	-	-	(15,000)
<b>Balance at October 31, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 940,029</b>	<b>\$ 940,029</b>
Exploration costs	-	49,348	50,550	99,898
<b>Balance at October 31, 2021</b>	<b>\$ -</b>	<b>\$ 49,348</b>	<b>\$ 990,579</b>	<b>\$ 1,039,927</b>

### ***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 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.

During 2018 the Company received share subscription advances of \$91,000, which were returned subsequent to the year end. The Company also incurred substantially higher expenses in its efforts to implement its business plan.

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 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 \$	3 Months ended Jul 31, 2020 \$	3 Months ended Apr 30, 2020 \$	3 Months ended Jan 31, 2020 \$
Total revenue	Nil							
Net income (loss)	(120,999)	(77,677)	(96,320)	63,170	(446,449)	(118,826)	(166,270)	(23,924)
Net loss per share, basic and diluted	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Total assets	1,149,425	1,049,111	1,106,153	1,191,186	1,109,574	1,094,149	960,084	1,006,822
Total liabilities	586,942	570,777	550,141	538,618	725,088	245,855	10,324	28,791
Total shareholders' equity	562,483	478,334	556,012	652,568	384,486	848,294	949,760	978,031

### **Results of Operations**

#### Three months ended October 31, 2021

During the three months ended October 31, 2021, the Company recorded a comprehensive loss of \$65,737 (\$0.00 per share) compared with a loss of \$446,449 (\$0.01 per share) in the same period of 2020.

Significant items in the three months ended October 31, 2021 include:

- Corporate communications contracts of \$Nil (2020 period - \$448,339);
- Consulting fees of \$22,750 (2020 period - \$14,750) paid to management;
- Professional fees of \$25,409 (2020 period - \$23,498) and transfer agent and filing fees of \$3,390 (2020 period - \$7,788) related to ongoing regulatory activities;
- Interest expense \$14,172 (2020 period - \$10,461) on the loans payable;
- Income from non-refundable advances on a royalty agreement of \$Nil (2020 period - \$73,500);
- Share-based compensation expense of \$54,911 (2020 - \$Nil) reflecting an adjustment to value of share options issued to investor relations consultants;
- Impairment of exploration and evaluation properties \$Nil (2020 period - \$15,000).

#### Year ended October 31, 2021

During the year ended October 31, 2021, the Company recorded a comprehensive loss of \$176,915 (\$0.00 per share) compared with a loss of \$755,469 (\$0.02 per share) in the same period of 2020.

Significant items in the year ended October 31, 2021 include:

- Corporate communications contracts of \$135,000 (2020 - \$641,074);
- Consulting fees of \$88,000 (2020 - \$40,700) paid to management;
- Office and administration of \$912 (2020 - \$10,135);

- Professional fees of \$57,412 (2020 - \$48,082) and transfer agent and filing fees of \$38,423 (2020 - \$60,609) related to ongoing regulatory activities;
- Share-based compensation expense of \$109,823 (2020 - \$Nil) reflecting the value of share options issued to investor relations consultants;
- Interest expense \$53,756 (2020 - \$13,369) on the loans payable;
- Income from non-refundable advances on a royalty agreement of \$251,500 (2020 – \$73,500);
- Impairment of exploration and evaluation properties \$Nil (2020 period - \$15,000).

### ***Liquidity and Capital Resources***

As at October 31, 2021, the Company had current assets of \$140,322 to settle current liabilities of \$617,766.

During the year ended October 31, 2021, operating activities generated \$96,668 (2020 – used \$863,164) in cash.

Investing activities consisted of: \$99,898 in acquisition and exploration expenditures on the Rakounga Gold Project \$50,550 (2020 - \$940,029), Cree Lake Project \$Nil (2020 - \$5,000) and Miller Crossing Project \$49,348 (2020 - \$Nil).

The Company's activities in the year ended October 31, 2021 were financed by the exercise of warrants, which provided cash of \$300,000 (2020 - \$138,000). Loans totaling \$200,000 were repaid (2020 – advanced \$700,000).

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 54,570,075 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:

	<b>Authorized</b>	<b>Outstanding</b>
Voting or equity securities issued and outstanding	Unlimited Common Shares	54,570,075 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		24,811,500

### ***Related Party Transactions***

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

During the year ended October 31, 2021, no remuneration was paid to key management personnel other than as noted below:

	2021	2020
Consulting fees	\$ 88,000	\$ 40,700

### ***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 considers its capital to be the total shareholders' equity which at October 31, 2021 was \$562,483 (October 31, 2020 - \$384,486).

The Company's objectives in managing its capital are: to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; to perform mineral exploration activities on the Company's exploration projects; and to seek out and acquire new projects of merit. In order for the Company to carry out planned exploration, additional equity financing will be required.

The Company is not subject to any externally imposed capital requirements. Funds are secured, when necessary, through the sale of common shares.

## ***Financial Instruments***

As at October 31, 2021, the Company's financial instruments consist of cash and cash equivalents, 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 October 31, 2021 cash and cash equivalents are assessed to be a Level 1 instrument and accounts payable and loans payable were assessed to be Level 3 instruments.

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. As at October 31, 2021, the Company had a working capital deficiency of \$446,620. This included cash and cash equivalents of \$136,631 and a GST receivable balance of \$1,503 which is not sufficient to settle its current liabilities of \$586,942. Liquidity risk is assessed as high.

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 year ended October 31, 2021, 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](http://www.sedar.com).