

ARBOR METALS CORP.
(the "Company" or "Arbor")
FORM 51-102F1

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Nine Months ended July 31, 2024

The following Management's Discussion and Analysis ("MD&A") prepared as of August 14, 2024, 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, 2024 and the audited consolidated financial statements and related notes of the Company for the years ended October 31, 2023 and 2022. 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 SEDARPLUS at www.sedarplus.ca. 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 14, 2024.
- 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 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.

Kemlee Lake Lithium Project, Ontario, Canada

On June 5, 2024, the Company completed the acquisition of all of the outstanding share capital of Kemlee Lake Lithium Corp. from an arm's length party by issuing 1,500,000 common shares valued at \$885,000. No finders' fees or commissions were payable by the Company in connection with this acquisition. As a result of this transaction, the Company holds a 100% interest in mineral claims known as the Kemlee Lake Lithium Project ("Kemlee Lake") in the Georgia Lake Lithium Camp, Thunder Bay Mining Division.

Corvette Lake and St. Pierre Lithium Projects, Quebec, Canada

On February 26, 2024, the Company acquired 100% of the voting shares of Corvette Lake Lithium Corp., ("CLL") for a cash payment of \$0.50 per share totaling \$712,500. CLL holds a 100% interest in the Corvette Lake and St. Pierre lithium projects and had working capital of \$267,016 at the time of the acquisition.

Jarnet Lithium Project, Quebec, Canada

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 (*paid*) and incurring exploration expenditures of at least \$300,000 (*incurred*) in the development of the Project over a three-year term.

As the Company has now completed all of the terms of the Purchase Option Agreement, it has acquired a 100% interest and title in the Jarnet Lithium Project claims.

The Company's interest is subject to a 1% NSR payable to the vendor, which may be purchased for \$1,000,000.

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

Nine months ended July 31, 2024	Kemlee Lake	Corvette Lake	Jarnet Lithium	Total
Balance beginning of year	\$ -	\$ -	\$ 40,000	\$ 40,000
Acquisition costs:				
Value of shares issued	885,000	-	-	885,000
Cash payments, net	-	445,484	61,599	507,083
Balance at July 31, 2024	885,000	445,484	101,599	1,432,083
Balance beginning of year	-	-	242,079	242,079
Exploration costs:				
Sample analysis	-	-	33,591	33,591
2024 Magnetometer survey	-	-	225,189	225,189
Channel sampling/drill survey	-	-	81,709	81,709
2024 soils program	-	-	453,553	453,553
Mapping	-	-	400	400
Prospecting, camp costs	-	-	34,514	34,514
Balance at July 31, 2024	-	-	1,071,035	1,071,035
Total	\$ 885,000	\$ 445,484	\$ 1,172,634	\$ 2,503,118

Year Ended October 31, 2023	Kemlee Lake	Corvette Lake	Jarnet Lithium	Total
Balance beginning of year	\$ -		\$ 20,000	\$ 20,000
Acquisition costs:				
Cash payments	-		20,000	20,000
Balance at October 31, 2023	-		40,000	40,000
Balance beginning of year	-		106,240	106,240
Exploration costs:				
Geological consulting	-		20,310	20,310
Prospecting, camp costs	-		115,529	115,529
Impairment	-		-	-
Balance at October 31, 2023	-		242,079	242,079
Total	\$ -		\$ 282,079	\$ 282,079

Selected Annual Information

The following table summarizes financial information, prepared in accordance with IFRS, for the Company for the years ended October 31, 2023, 2022 and 2021.

	October 31, 2023	October 31, 2022	October 31, 2021
	\$	\$	\$
Current assets	4,777,794	40,539	140,322
Exploration and evaluation properties	282,079	126,240	1,039,927
Total assets	5,059,873	166,779	1,180,249
Current liabilities	72,697	22,714	617,766
Total non-current financial liabilities	1,205,272	626,510	Nil
Total revenue	Nil	Nil	Nil
Net loss	411,603	(1,270,928)	(231,826)
Net loss per share, basic and diluted	0.01	(0.02)	(0.00)
Weighted average number of common shares outstanding	60,067,740	57,208,157	51,204,322

In 2021, the Company expanded its exploration activities by staking the Miller Crossing Lithium Project in Nevada and entered negotiations for 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 2022, the Company decided not to proceed with the Miller Crossing and Rakounga projects and to concentrate its efforts on the Jarnet Lithium Project. The repayment date of the loans payable was extended to May 31, 2024 and operating activities were financed by the exercise of share purchase warrants. The repayment date of the loans was further extended to July 26, 2025. The loans were settled in November 2023.

In 2023, the Company raised net cash proceeds of \$5,175,936 from private placements. These funds will be used to advance further exploration at the Jarnet Lithium project, to retire existing loans payable, and for general working capital purposes.

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, 2024 \$	3 Months ended Apr 30, 2024 \$	3 Months ended Jan 31, 2024 \$	3 Months ended Oct 31, 2023 \$	3 Months ended Jul 31, 2023 \$	3 Months ended Apr 30, 2023 \$	3 Months ended Jan 31, 2023 \$	3 Months ended Oct 31, 2022 \$
Total revenue	Nil	Nil						
Net income (loss)	(259,100)	72,976	(1,178,754)	(219,538)	(80,800)	(73,893)	(37,372)	(1,107,283)
Basic earnings (loss) per share	(0.00)	0.00	(0.02)	(0.01)	(0.00)	(0.00)	(0.00)	(0.02)
Diluted earnings (loss) per share	(0.00)	0.00	(0.02)	(0.01)	(0.00)	(0.00)	(0.00)	(0.02)
Total assets	9,350,586	8,610,644	8,626,308	5,059,873	827,849	296,437	154,009	166,779
Total liabilities	436,720	470,060	706,082	1,277,969	1,502,359	890,148	673,826	649,224
Total equity (deficiency)	8,913,866	8,140,584	7,920,226	3,781,904	(674,510)	(593,711)	(519,817)	(482,445)

Results of Operations

Three months ended July 31, 2024

During the three months ended July 31, 2024, the Company recorded a net loss of \$259,100 (\$0.00 per share) compared with a net loss of \$80,800 (\$0.00 per share) in the same period of 2023.

Significant items in the three months ended July 31, 2024 include:

- Advisory fees of \$30,000 (2023 period - \$Nil).
- Corporate communications expense of \$161,000 (2023 period - \$Nil) related to financing activities.
- Interest expense \$Nil (2023 period - \$23,158) on the loans payable, which were settled through the issue of shares in November 2023.
- Share-based compensation expense of \$147,382 (2023 period - \$Nil) related to the stock options granted to consultants in January 2024 and the grant of restricted share units to certain directors, officers and consultants in October 2023.
- Interest income of \$82,949 (2023 period - \$Nil) from the short-term investments.
- Other income of \$32,669 (2023 period - \$Nil) due to the reduction of flow-through liabilities from qualified expenditures.

Nine months ended July 31, 2024

During the nine months ended July 31, 2024, the Company recorded a net loss of \$1,364,878 (\$0.02 per share) compared with a net loss of \$192,065 (\$0.00 per share) in the same period of 2023.

Significant items in the nine months ended July 31, 2024 include:

- Advisory fees of \$90,000 (2023 period - \$Nil).
- Corporate communications expense of \$167,570 (2023 period - \$800) related to financing activities.
- Interest expense \$31 (2023 period - \$57,122) on the loans payable, which were settled through the issue of shares in November 2023.
- Consulting fees of \$114,125 (2023 period - \$24,750) related to financing activities in the period.
- Professional fees of \$86,053 (2023 period - \$48,116) related to financing activities in the period.
- Share-based compensation expense of \$1,347,094 (2023 period - \$Nil) related to the stock options granted to consultants in January 2024 and the grant of restricted share units to certain directors, officers and consultants in October 2023.
- Interest income of \$229,956 (2023 period - \$Nil) from the short-term investments.
- Other income of \$275,669 (2023 period - \$Nil) due to the reduction of flow through liabilities from qualified expenditures.

Liquidity and Capital Resources

As at July 31, 2024 the Company had current assets of \$6,847,468 to settle current liabilities of \$28,178.

During the nine months ended July 31, 2024, operating activities used \$449,726 (2023 – \$95,468) in cash.

Investing activities consisted of: (a) \$1,336,039 in acquisition and exploration expenditures on the Corvette Lake and Jarnet Lithium projects (2023 – \$155,839); and (b) purchase of short-term investments of \$6,680,301 (2023 - \$Nil).

The Company`s activities in the nine months ended July 31, 2024 were financed by net proceeds from private placements of \$3,743,654 (2023 – loan advances of \$750,000).

In November 2023 the Company entered into a debt settlement agreement with lenders to settle the outstanding debt of \$692,145 owing under the terms of a credit facility agreement. The Company repaid the debt through the issuance of 512,677 common shares at a deemed price of \$1.35 per share.

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 its 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.

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

	Authorized	Outstanding
Voting or equity securities issue and outstanding	Unlimited common shares	68,661,384 common shares
Securities convertible or exercisable into voting or equity securities:		
- restricted share units which vest on October 31, 2024		410,000
- stock options exercisable at \$0.90		3,200,000
- warrants exercisable at \$2.00		3,159,957

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Key management personnel comprise the Company`s Board of Directors and executive officers.

Key management compensation for the nine months ended July 31, 2024 and 2023 consisted of the following:

- a) consulting fees of \$18,500 (2023 - \$13,500) paid to the CEO/CFO
- b) consulting fees of \$95,625 (2023 - \$11,250) paid to companies controlled by common directors.

Critical Accounting Estimates

These consolidated interim 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 interim 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, 2023.

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 nine months ended July 31, 2024.

Financial Instruments and Risk Management

As at July 31, 2024, the Company's financial instruments consist of cash and cash equivalents, short-term investments, and accounts 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, 2024 cash and short-term investments are assessed to be Level 1 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 and short-term investments are held at a large Canadian financial institution and therefore are 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 July 31, 2024, the Company had working capital of \$6,819,290. This included cash and cash equivalents of \$38,623, short-term investments of \$6,680,301, a GST receivable balance of \$34,850, other receivables of \$93,381 and prepaid expenses of \$313. Accounts payable have contractual maturities of approximately 30 to 90 days or are due on demand.

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.

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 nine months ended July 31, 2024 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 as of August 14, 2024.

Other Information

Additional information related to the Company is available for viewing on SEDARPLUS at www.sedarplus.ca.