

This Management Discussion and Analysis (“MD&A”) of NRG Metals Inc. (“NRG” or the “Company”) provides analysis of the Company’s financial results for the period ended September 30, 2019 should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended September 30, 2019 and the related notes thereto, prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts are expressed in Canadian dollars, unless otherwise stated. All documents previously mentioned are available on SEDAR at www.sedar.com. This discussion is based on information available as at December 2, 2019.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and MD&A, is complete and reliable.

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements. Additional information about the Company is available at www.sedar.com.

Description of Business

The Company was incorporated in the Province of Ontario on June 20, 1995. Effective January 15, 2007, the Company was granted a Certificate of Continuation under the Business Corporation Act from the jurisdiction of Ontario into British Columbia. The Company is an exploration stage junior mining company engaged in the identification, acquisition and exploration of mineral properties. The common shares of the Company are listed on the TSX Venture Exchange (“TSX-V”) and trade under the symbol NGZ. To date, the Company has not generated significant revenues from its operations which are considered to be in the exploration stage.

During the period ended June 30, 2019, the Company completed a 4 for 1 share consolidation. All references to number of shares and per share amounts have been retroactively restated to reflect the consolidation.

Overview

Exploration

During 2016, management decided to initiate an acquisition strategy for Lithium exploration projects, located in Argentina. Given that Argentina is one of the world’s most established lithium production areas, and part of the “Lithium Triangle” (Chile, Argentina, Bolivia) in South America, and managements significant experience in Argentina, the strategy appeared attractive. During the year-ended December 31, 2016, the Company executed this strategy,

conducting meetings in Argentina regarding potential acquisition, and incorporating a wholly owned subsidiary, NRG Metals Argentina S.A., for this purpose. In addition, the Company entered into management agreements with four highly experienced mining professionals. The NRG Lithium Team is comprised of individuals who have direct experience in exploring for, developing and producing lithium in Argentina. The new team members were integral in the identification and acquisition of lithium exploration projects.

These efforts lead to the first series of lithium acquisitions. The La Borita Claim Group was optioned in August, and the flagship project area the Carachi Pampa Paleo Salar was optioned in September. Focus is currently on the Carachi Pampa Claim Group. This resulted in the transaction being classed as a Fundamental Acquisition by the TSX Venture Exchange and required a trading halt and the completion of a NI 43-101 Technical Report. All requirements were completed in 2016, and the Company returned to trade in 2017.

Hombre Muerto North Lithium Project (“HMN Project”)

In January of 2019, the Company selected Knight Piesold Consulting (“KP”) and JDS Energy and Mining (“JDS”), both of Vancouver, B.C. Canada, to complete a Preliminary Economic Assessment (“PEA”) of the HMN Project. The PEA was undertaken in accordance with the standards set out in National Instrument 43-101 Standards of disclosure for Mineral Projects (NI 43-101), and, CIM’s Best Practice Guidelines for Mineral Processing (BPGMP). Results were received in April of 2019, and are a subsequent event to this M.D.A..

Highlights of the HMN Project PEA

- US\$217 million (CDN\$290 million) after-tax Net Present Value at 8% discount rate
- and Internal Rate of Return of 28.0%;
- PEA based on a production rate of 5,000 tonnes of lithium carbonate per year;
- Processing based on simple and proven solar evaporation technology;
- Expected mine life of 30 years with a 3 year ramp up period starting 2021;
- Fully loaded operating cost of US\$3,122 per tonne of lithium carbonate;
- Total capital expenditure of US\$93 million.

Company President and C.E.O Adrian F.C. Hobkirk is quoted: “We are very pleased that NRG has advanced the HMN Project from discovery to PEA in just under twelve months. The PEA results highlight attractive economics associated with the project, including a smaller environmental footprint and manageable CAPEX. We look forward to taking the HMN Lithium Project to the next stage of development as quickly as possible.

The Preliminary Economic Assessment is preliminary in nature, there is no certainty that the Preliminary Economic Assessment will be realized. The economic analysis is based upon mineral resources that are measured and indicated, but are not mineral reserves, and have not demonstrated economic viability.

Resource Estimate

The resource estimate was prepared in accordance with C.I.M. requirements/definitions and uses best practice methods specific to brine resources, including a reliance on core drilling and sampling methods that yield depth-specific chemistry and effective (drainable) porosity measurements. The resource estimation was completed by independent qualified person Mr. Michael Rosko, M.Sc., C.P.G. of the international hydrogeology firm E.L. Montgomery & Associates (M&A), which was announced in a news release dated October 2, 2018, and is summarized as follows:

Capital Costs for the HMN Project

- Description \$US Million
- Evaporation Ponds 22.8
- Plant Facilities and Equipment 31.5
- Infrastructure and Other 14.5
- Direct Costs Subtotal 68.2
- Indirect Costs 11.4
- Total Direct and Indirect Costs 79.6
- Contingency @ 17% 13.3
- Total Initial Capital Costs 93.4

Capital Capital costs (CAPEX) have been updated with quotations from current suppliers working in project construction and development in the Puna region of Argentina. CAPEX estimates include an Indirect Cost of 16.6% of Direct Costs, and a contingency of 17% of Total Costs.

Operating Costs for the HMN Project

- Pond Chemicals 8.74
- Salt Removal and Transport 0.78
- Energy 1.08
- Transportation 0.31
- Maintenance 1.20
- Equipment Operation 0.23
- Manpower 2.16
- Catering and Camp Costs 0.36
- Total Direct Costs 14.86
- Indirect Costs
- General and Administrative Local 0.70
- Total Production Costs 15.56

Lithium Pricing for the HMN Project PEA

Lithium prices were based on an average of three years historic pricing and two years forward projections for battery grade lithium. The three-year historic price (to April 2019) is \$11,770 /t. Contemporary publicly available reports have published a range of forward pricing that varies between \$10,700 to \$14,750 /t for the next two years. The median price of \$13,400 /t was selected as the forward projected price for each of the next two years. This resulted in a project price assumption of \$12,420 /t, which was used as the basis of the study. A range of +/- 20% was evaluated to test the project's sensitivity to price assumptions.

Recovery and Processing for the HMN PEA

The PEA models the extraction of the brine containing the lithium resource by means of multiple extraction wells. The brine will be pumped to a series of pre-concentration and concentration evaporation ponds. Evaporation will increase the lithium content and precipitate or "salt out" species such as Na, K, and Cl. Lime will be added to the pre-concentrated brine to remove bulk impurities such as sulphate as gypsum, which will be physically separated. The final concentrated solution will be stored in lithium surge evaporation ponds then pumped to a hydrometallurgical processing plant to purify the concentrated brine and recover the final product.

The production of lithium carbonate involves the following steps:

- Boron removal using solvent extraction;
- Polishing of the boron-free raffinate in order to remove impurities such as residual calcium and magnesium, among others, using sodium carbonate (soda ash) solution,
- Na_2CO_3 ;
- Lithium carbonate (Li_2CO_3) precipitation ("carbonation") using sodium carbonate solution;
- Lithium carbonate purification by re-dissolution with carbon dioxide and re-precipitation by desorption;
- Lithium carbonate drying, conditioning and packaging.

It was deemed that the quality of the hydrometallurgical plant-concentrated feed-brine was superior in terms of key impurity to lithium ratios. For this reason, stages such as bulk sulphate polishing (using calcium or barium chloride) were excluded from the process. The need of scavenging precipitation for magnesium using caustic soda was also deemed redundant at this point in time. Instead, a purification circuit was included to ensure adequate purity of the final product, targeted as battery-grade lithium carbonate (99.5% Li_2CO_3).

Qualified Person Statements

Richard Goodwin, P.Eng., Project Manager for JDS Energy and Mining, Inc., is independent of NRG Metals Inc. and a 'Qualified Person' as defined under Canadian National Instrument 43-101. Mr. Goodwin is a mining engineer and study manager with over 30 years of experience

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managing mining operation and projects in various commodities such as base metals, precious metals, PGMs, and diamonds in various domestic and international locations. Mr. Goodwin is responsible for the PEA results, and approves of the technical and scientific disclosure contained in the above PEA summary.

Alex Mezei, P.Eng, is a ‘Qualified Person’ as defined under Canadian National Instrument 43-101, is responsible for the processing and recovery assumptions used in the preparation of the PEA, which are disclosed in this news release. Mr. Mezei is a Consulting Metallurgist with extensive experience in base, precious, rare and light metals, including lithium, cobalt, graphite, etc. Mr. Mezei is independent of NRG Metals Inc.

The P.E.A. is the first step in moving the HMN Project towards potential development. The process developed for the site is based on conventional, proven technology for brine operations. The project is located with easy access to energy, and on a salar of development activity. Galaxy Resources Ltd. recently sold the land surrounding the HMN Lithium Project to Korean conglomerate POSCO for US\$280 million and are continuing to develop their remaining portion of the salar, referred to as the Sal da Vida Project. The project is located in a jurisdiction that is mining friendly (Salta Province), and the Government of Argentina recently announced reducing the corporate tax rate for mining companies to 25% in 2020. The final report is expected to be completed within the next 45 days and filed on SEDAR. Pending completion of the report, the Company intends to rapidly advance the HMN Project to a full feasibility study, and to upgrade the current resource to a reserve.

In November 2019, the Company announced that it has entered into a Non-Exclusive Purchase Option (the “Agreement”) with Alberdi Energy S.A. (“Alberdi”) certified in Salta, Argentina on November 5, 2019, for the 100% acquisition of the Hombre Muerto North Lithium Project (“HMN Project”) located in Argentina. Terms of the Agreement will allow Alberdi a period of due diligence and financial audit to January 15, 2020 (the “Deadline”). Up to the Deadline, NRG is free to negotiate and/or accept competing offers, and upon such acceptance, notify Alberdi it has five business days to meet or beat the competing offer. By the Deadline, Alberdi will be required to have secured acquisition financing and the parties are required to have entered into a purchase agreement containing industry standard terms including the following purchase schedule.

1. Within five business days of the Deadline, Alberdi will pay to NRG \$U.S. 3 million, with \$U.S. 1 million placed into trust for a March 2020 option payment;
2. Six months after the Deadline, Alberdi will pay to NRG \$U.S. 3 million;
3. Twelve months after the Deadline, Alberdi will pay to NRG \$US. 3 million;
4. Eighteen months after the Deadline, Alberdi will pay to NRG \$U.S. 3 million; and
5. Twenty-four months after the Deadline, Alberdi will make a final payment to NRG of \$U.S. 6 million.

At the Deadline and subject to the approval of the TSX Venture Exchange, NRG has agreed to issue into trust, 6,750,000 common shares remaining to be issued to the underlying property

owner under the existing option agreement for the HMN Project. After the Deadline, Alberdi will either purchase all of the shares of NRG Argentina S.A., a wholly owned subsidiary of NRG, or will have arranged with the underlying property owner for the transfer of the existing option agreement. The transaction is an arm's length transaction and is subject to regulatory approval and shareholder approval (which was received at the Company's AGM and Special AGM on November 29, 2019), and customary closing conditions. Shareholder approval to this transaction and other matters is being sought in advance, with an Annual General and Special Meeting set for November 29, 2019. A finder's fee will be payable in connection with this transaction

Results of Operations

The Company incurred a loss of \$898,397 during the period ended September 30, 2019 ("current period"), compared to a loss of \$7,383,008 for the period ended September 30, 2018 ("comparative period"). Some of the significant changes for the current period compared to the comparative period are as follows:

Administration fees of \$137,491 (2018 - \$619,763) were incurred as the Company has been on cost savings measures while awaiting resultings from the PEA. These costs include all office and other costs associated with the operations of the Company.

Consulting fees of \$83,450 (2018 - \$1,777,415) were incurred as the Company hired and used consultants during the period for various programs. During the comparative period, the Company engaged various consultants to provide services such as website landing page design, content development and digital marketing primarily through Google ads, digital media, corporate advisory, branding and strategic business services to the Company. These activities were minimal in the current period.

Exploration costs of \$318,560 (2018 - \$2,296,853) were incurred as the Company was actively exploring properties in Argentina. In the current year, the Company was awaiting completion of the PEA report whereas in the prior year, the Company was actively drilling the HMN project.

Share-based payments of \$Nil (2018 - \$1,186,978), a non-cash expense was incurred during the comparative period on the granting of 1,375,000 incentive stock options to directors, officers and consultants of the Company.

Travel of \$32,324 (2018 - \$141,225) decreased in the current period as a result of decreased travel to trade shows and between different business activities of the Company.

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Summary of Quarterly Results

	Three Months Ended Sept. 30, 2019	Three Months Ended June 30, 2019	Three Months Ended Mar. 31, 2019	Three Months Ended Dec. 31, 2018
Total assets	\$ 3,431,771	\$ 3,274,975	\$ 2,494,542	\$ 1,966,385
Evaluation and exploration assets	3,139,339	3,139,339	2,314,273	1,640,823
Working capital (deficiency)	(1,575,701)	(2,141,130)	(1,248,390)	(229,488)
Shareholders' equity	1,563,638	998,209	1,065,883	1,411,335
Loss for the period	(264,084)	(237,674)	(356,452)	(374,434)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)

	Three Months Ended Sept. 30, 2018	Three Months Ended June 30, 2018	Three Months Ended Mar. 31, 2018	Three Months Ended Dec. 31, 2017
Total assets	\$ 2,297,515	\$ 3,691,300	\$ 4,856,924	\$ 3,363,925
Evaluation and exploration assets	1,657,278	1,201,738	951,738	628,512
Working capital (deficiency)	5285,503	2,272,784	3,813,511	2,380,975
Shareholders' equity	1,942,781	3,474,522	4,765,249	3,009,487
Loss for the period	(2,180,491)	(3,447,483)	(1,755,034)	(2,836,732)
Loss per share	(0.08)	(0.12)	(0.08)	(0.12)

Liquidity and Going Concern

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

The Company's unaudited condensed consolidated interim financial statements for the period ended September 30, 2019 have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at September 30, 2019, the Company had working capital deficit of \$1,575,701 (December 31, 2018 working capital deficit of \$229,488) and an accumulated deficit of \$42,029,796 (December 31, 2018 - \$41,131,399). In addition, the Company has not generated enough revenues to meet its operating and administrative expenses

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or its other obligations. These circumstances cast significant doubt on the validity of the going concern assumption.

In order to continue as a going concern and to meet its corporate objectives, which primarily consist of exploration work on its Guyana mineral property, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Factors that could affect the availability of financing include the progress and exploration results of the mineral property, the state of international debt, equity and metals markets, and investor perceptions and expectations.

Contingencies

The Company has no contingencies at the date of this MD&A.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements at the date of this MD&A.

Investor Relations

The Company has no investor relations agreements as at the date of this MD&A.

Related Party Transactions

The Company incurred the following expenses charged by key management personnel and companies controlled by key management personnel, such personnel include the Company's Directors, Chief Executive Officer, Chief Financial Officer and Corporate Secretary:

	2018	2017
Management, exploration and professional fees charged by directors and corporations under their control	\$ 193,169	\$ 417,892
Directors' fees	\$ 41,450	\$ -

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Key management personnel were not paid any post-employment benefits, termination benefits, or other long-term benefits during the respective years.

Included in accounts payable and accrued liabilities is \$257,215 (December 31, 2018 - \$43,565) due to directors, officers and corporations controlled by directors of the Company. The amount due to the related parties has no specific terms of repayment, is unsecured and non-interest-bearing.

The Company received loans of \$1,465,750 from related parties. The loans are unsecured, interest free and without specific terms of repayment.

Financial and Capital Risk Management

The Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities. Cash has been designated as fair value through profit and loss, receivables as loans and receivables, and accounts payable and accrued liabilities and related party loans payable are designated as other financial liabilities. The fair value of these financial instruments approximates their carrying value due to the short-term nature of these instruments, except for cash which is valued at a level 1 fair value measurement. All the Company's financial liabilities have contractual maturities less than 30 days and are subject to normal trade terms.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and other price risk. There has been no change in the way management managed these risks for the period.

Currency risk

While the Company's parent is Canadian and its capital is raised in Canadian dollars, the Company was conducting business in Guyana, whose currency is the Guyanese dollar. As such, it was subject to risk due to fluctuations in the exchange rates for the United States, Canadian and Guyanese dollars. The Company does not manage currency risk through hedging or other currency management tools.

As at September 30, 2019, the Company has accounts payable denominated in US dollars of US\$90,000 (December 31, 2018 – US\$ 30,000) and cash of US\$4,000 (December 31, 2018 - US\$100,000). Based on a hypothetical change in the foreign exchange rate between the Canadian and the US dollars of 5% (2018 - 5%), the effect on net and comprehensive loss would be \$4,300 (2018 - \$3,500).

As at September 30, 2019, the Company has cash denominated in Argentine Peso (2017 - Argentine Peso) of \$5,065 (December 31, 2018 – \$4,409). Based on a hypothetical change in the foreign exchange rate between the Canadian dollar and Argentine Peso (2018 - Argentine Peso)

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of 7.5% (December 31, 2018 – 7.5%), the effect on net comprehensive loss would be \$340 (December 31, 2018 - \$330).

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The cash is held in a large Canadian financial institution, which has a strong credit rating from a primary credit rating institution. There is no risk associated with receivables as this is Goods and Services Tax (“GST”) due from the Canadian Government.

Interest rate risk

Interest rate risk consists of two components:

- (a) 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.
- (b) To the extent that changes in prevailing market rates differ from the interest rate in the Company’s monetary assets and liabilities, the Company is exposed to interest rate price risk.

Due to the short-term nature of the Company’s financial instruments fluctuations in market rates do not have a significant impact on estimated fair values as of December 31, 2018. Future cash flows from interest income on cash will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on the preservation of capital and liquidity.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company’s ability to continue as a going concern is dependent on management’s ability to raise the required capital through future equity issuances. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments. All the Company’s financial liabilities have contractual maturities less than 30 days and are subject to normal trade terms.

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Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant

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:

Capital management

The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, contributed surplus and deficit.

The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and investments.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank-sponsored instruments payable on demand. This strategy is unchanged from 2018.

The Company is not subject to externally imposed capital restrictions.

Current Share Data

As at the date of this MD&A, the common shares outstanding are as follows:

	Number of Shares
Balance, December 2, 2019	42,808,909

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As at the date of this MD&A, the Company has 11,027,423 share purchase warrants exercisable between \$0.16 and \$1.20 per share to August 2, 2024 and 3,500,000 stock option exercisable at \$0.175.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.sedar.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Cautionary Statement on Forward Looking Information

Certain statements contained in this document constitute “forward-looking statements”. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: evaluation and exploration asset costs and results, fluctuation in the prices of commodities for which the Company is exploring, foreign operations and foreign government regulations, competition, uninsured risks, recoverability of resources discovered, capitalization requirements, commercial viability, environmental risks and obligations, and the requirement for obtaining permits and licenses for the Company’s operations in the jurisdictions in which it operates.