



Metal Energy Corporation (formerly Rider 2 Investment Capital Corp.)

Management Discussion and Analysis

For the three and nine months ended September 30, 2022 and the three months and period ended from January 5, 2021 (date of incorporation) to September 30, 2021

(Expressed in Canadian Dollars)

The following interim management's discussion and analysis ("Interim MD&A") of Metal Energy Corporation (formerly Rider 2 Investment Capital Corp) ("Metal Energy" or the "Company") for the nine months ended September 30, 2022 and 2021 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion and analysis, being the management's discussion and analysis for the year ended December 31, 2021 ("Annual MD&A"). This Interim MD&A does not reflect any non-material events since the date of the Annual MD&A.

For the purposes of preparing this Interim MD&A, management, in conjunction with the board of directors of the Company (the Board), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the years ended December 31, 2021 and 2020, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2022 and 2021, together with the notes thereto.

Results are reported in Canadian dollars ("\$"), unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC). The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

This Interim MD&A has been prepared with reference to the MD&A disclosure requirements established under National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) of the Canadian Securities Administrators. Additional information regarding Metal Energy is available on its website at www.metalenergy.ca or through the Company's SEDAR profile available at www.sedar.com. However, the information on the website is not in any way incorporated in or made a part of this Interim MD&A. This Interim MD&A has been prepared as of November 29, 2022.

Scientific and Technical Information

Mike Sweeny, P.Geol., Vice-President, Exploration & Development and Qualified Persons as defined by NI 43-101, has reviewed and approved the scientific and technical content contained in this Interim MD&A.

Corporate Overview

Metal Energy Corp. (formerly Rider 2 Investment Capital Corp). ("Metal Energy" or the "Company"), was incorporated under the Alberta Business Corporations Act on February 1, 2021. The Company completed its Initial Public Offering on April 19, 2021 and was classified as a Capital Pool Company ("CPC") as defined by the TSX Venture Exchange ("TSX-V"). On November 19, 2021 the Company completed a reverse take-over transaction ("RTO Transaction") with D Block Discoveries Inc. ("D Block"), wherein the Company acquired 100% of the issued and outstanding shares of D Block. D Block was incorporated under the Business Corporations Act (Ontario) on January 5, 2021. As a result of the share exchange, D Block is considered to have control. While the Company is the legal acquirer, the accounting acquirer is D Block and these financial statements are consolidated and presented with D Block as the continuing entity. Upon closing of the RTO Transaction, the Company changed its name to Metal Energy Corp. and began trading on the TSX-V under the symbol "MERC".

The Company's principal business is the acquisition and exploration of mineral projects. To date, the Company has not earned revenue as it is in the exploration stage. The ability of the Company to carry out its business plan rests with its ability to secure equity and other financing.

The head and principal office of the Company is located at 55 University Avenue, Suite 1805, Toronto, Ontario, M5J 2H7. The Company has no subsidiaries. Additional information relevant to the activities of the Company, including press releases has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") – (www.sedar.com). The Company is a reporting issuer in the provinces of British Columbia, Alberta and Ontario and trades on the TSX Venture Exchange, symbol MERG-V.

Key Development During the Nine Months Ended September 30, 2022 and up to November 29, 2022

On January 14, 2022, Metal Energy appointed Mr. Mike Sweeny as the Company's Vice-President, Exploration & Development. Mike is a professional geologist (P.Geo) with over 30 years of experience and a strong focus on nickel, copper and platinum group element minerals systems, having held various positions with Falconbridge-Xstrata-Glencore. He played primary roles in the discovery of close to 65 million tonnes of nickel and copper resources.

On January 18, 2022, Metal Energy provided a revised update for diamond drilling exploration plans in Q1 2022 for the Manibridge and Strange nickel projects. While the total metres and number of drill holes had not changed from the December 13, 2021 update, the order of drilling put Strange to begin the week of January 24, 2022, and Manibridge to commence late-February/early-March.

On January 24, 2022, the Company announced that it had started the planned diamond drilling program on the Strange project. Approximately 1,500 metres in two drill holes were planned to target magnetic anomalies interpreted as ultramafic rock types overlying sedimentary units, similar to numerous global nickel deposits.

On February 8, 2022, Metal Energy provided an update on the flagship high-grade nickel Manibridge project which included: the 3,000-metre phase 1 drill program expected to start in early March; a property-wide helicopter magnetotellurics scheduled to start in May; a phase 2 10,000 metre drill program scheduled for June; and the Company was accelerating the project operatorship after completion of the phase 1 drill program.

On March 7, 2022, Metal Energy announced the start of the Manibridge 3,000 m drill program. In addition to this news, the Company provided some never-before published historic high-grade nickel drill intersections from within 1 kilometre of the mine workings, and a webinar to provide more context to understand the goals of the drill program, and the geology of the area. A few highlights of the historic intersections included: 41.76 m of 1.80% Ni from an underground drill hole that was not part of the mine workings; 65.53 m of 1.10% Ni from a mined-out portion of the mine workings; and 39.25 m of 0.98% Ni at 156.5 m from a surface drill hole completed in 2008 by the previous owners of the project. CanAlaska Uranium Ltd. ("CanAlaska", TSXV: CVV) are the operators of the drill program.

On March 29, 2022, Metal Energy announced that it had acquired a 49% interest in the Manibridge project, and that it had also elected to continue exploration to earn up to 70% in the project. CanAlaska retained a 51% interest in the project and remain the current operators. The Company issued a total of 1,198,630 common shares to CanAlaska at a price of \$0.146 per common share (20-day VWAP) and had also granted a 1% NSR royalty on two claims and a 2% NSR royalty on all other claims. The issued common shares have a four-month resale restriction.

On May 2, 2022, the Company announced that its inaugural drill program on the Manibridge project was complete and nickel-copper sulphide mineralization was intersected on every drill hole. All drill holes had evidence of nickel-copper sulphides remobilized in foliations and shears. Intense serpentinization alteration of the sulphide bearing ultramafic rock types is interpreted to remobilize nickel-copper sulphides to other areas,

therefore possibly providing higher-grade occurrences of nickel-copper sulphides at or near alteration margins. For full details, see Metal Energy's news release dated May 2, 2022.

On May 3, 2022, the Company announced the appointment of Joel Friedman to Chief Financial Officer, replacing Kevin Canario, the Company's outgoing Chief Financial Officer.

On May 16, 2022, the Company announced it received a 3-year Work Permit ("Permit") from the province of Manitoba to allow for 100,000 metres of diamond drilling on the high-grade nickel and copper Manibridge project. Preparations for Manibridge's Phase Two 10,000 metre diamond drill program are underway, with Metal Energy now acting as operator of the project. The drilling contractor, accommodations, support services, and the Permit have all been secured.

On June 7, 2022, the Company started its Phase 2 10,000 metre drill program on the high-grade nickel and copper Manibridge project. Drilling is focused within the shadow of the past-producing mine that produced 1.3 million tonnes at 2.55% nickel and 0.27% copper from 1971 to 1977.

On August 3, 2022, the Company announced assay results from the Phase 1 drill program completed in March and April at Manibridge. The Program successfully intersected high-grade nickel-sulphide mineralization over a one kilometre strike length within the shadow of the past-producing Manibridge mine. Highlights include 0.92% Ni eq. over 32.95 m starting at 150.45 m including 1.24% Ni eq. over 11.45 m at 169.1 m in drill hole MNB004. Refer to the August 3, 2022 press release for further information.

On August 16, 2022, the Company acquired 70% interest in the Manibridge project and elected to continue exploration to earn up to 100% interest which is expected to be completed in the near term. The Company issued a total of 5 million common shares to the optionor of the Manibridge Project, CanAlaska, and \$100,000 in cash as part of its notification of intent to achieve 100% ownership. The Company needs to complete approximately \$1 million in additional exploration work, of the required \$2 million within this final tranche, to fully satisfy the 100% ownership conditions. The Company has 24 months to complete this milestone, however, it is expected to compete this work in the near term and to exercise its ownership rights.

On November 2, 2022, the Company and Mistango River Resources Inc. jointly have entered into an option agreement and a call option agreement, each dated October 28, 2022. Each such agreement pertains to a 15% interest in Metal Energy's Manibridge project, consisting of 19 mineral claims encompassing approximately 4,368 hectares, located in the province of Manitoba, approximately 20 kilometers southwest of Wabowden, Manitoba. For more details, refer to the Company's news release.

On November 4, 2022, Metal Energy qualified for trading on the OTCQB Venture market in the United States under the symbol "MEEEF". The new listing boosts exposure in the United States.

On November 7, 2022, the Company announced an update on the Phase 2 10,000 metre drill program. A total of 5,331 m were completed in 19 drill holes (MNB007 to MNB025) between June 6 and July 28. The drill hole collar locations were within 300 to 600 m of the old mine workings. All sixteen drill holes that successfully intersected bedrock also intersected Ni-Cu-Co sulphide mineralization, confirmed with at handheld XRF. Sulphide-rich lithostratigraphic horizons range from 1 m to 55 m thick, with an average thickness exceeding 15 m. Two or more zones of Ni-Cu-Co mineralization were intersected in fourteen drill holes. The program was underway again as of October to complete the remaining 4,669 m working towards within 150 and 300 m of the old mine workings.

On November 28, 2022, the Company reported assay results from 16 drill holes (MNB007 to MNB022) completed between June 6 and July 28. Highlights from the news release include a best individual intercept of 0.84% Ni eq. over 20.0 m at 268.5 m (MNB014). All 14 drill holes that intersected bedrock also intersected Ni-Cu-Co sulphides, with 12 drill holes intersecting high-grade nickel sulphide mineralization (defined as >0.8%

Ni), and 9 of those drill holes intersected multiple high-grade nickel zones. Eleven drill holes had over 20 metres of composite mineralization. The Ni-Cu-Co lithostratigraphy ranges from 7.5 m to 66 m composite thickness, with an average composite thickness exceeding 30 m. True vertical depth to mineralization ranges from 100 m to 350 m beneath the surface, with an average depth of 215 m. Assay results for MNB024 and MNB025 are still pending.

Core Business Strategy

Metal Energy is in the business of nickel (Ni), copper (Cu), cobalt (Co), and platinum group element (PGE) exploration, although it is not limited to these specific elements, the Company will explore for Tier 1 deposits for other commodities required for the global electrification endeavours. The Company's core business strategy is to create shareholder value exploring, discovering and developing Tier 1 battery metal projects. Battery metals are a driving force behind global infrastructure and reducing the world's carbon footprint through use of renewable energy sources and electric vehicles in place of the current fossil fuel alternatives.

Metal Energy's exploration model focuses on the discovery of near-surface, high sulphide tenor, high-grade Ni-Cu-PGE deposits that are preferentially amenable to open pit mining. The Company has identified these types of deposits as those that can go into production with lower head-grades and typically within a shorter regulatory timeframe.

The Company's flagship project is the high-grade nickel Manibridge project, which was a past-producer that mined 1.3 M tonnes at 2.55% Ni and 0.27% Cu between 1971 and 1977 in the Thompson Nickel Belt, Manitoba.

The Company's other exploration project, Strange, is a conceptual model exploring the Mid-continent Rift System that is host to numerous Ni and Cu deposits and past-producing mines. The Strange project, located southwest of Thunder Bay, Ontario, has had very limited drilling. A discovery on the project would have district-scale mineralization potential, similar to that of Vale S.A.'s (NYSE: VALE) Voisey's Bay mine, Labrador.

Mineral Exploration Projects

Manibridge Project, Thompson, Manitoba

Located along the Thompson Nickel Belt, Manitoba, one of the world's richest nickel districts, the Manibridge Mine was formerly owned and operated by Falconbridge. The Manibridge deposit was mined from 1971-1977, having produced 1.3 M tonnes at 2.55% nickel and 0.27% copper. Premised on previous drilling completed by previous operators in 2008 and 2019, the entire Manibridge system appears to host high-sulphide-tenor, high-grade nickel mineralization on strike and below the previously mined out area. A large envelope exists along a >1 km strike-length from the old mine workings and comprises near-surface to 800 m deep, high-sulphide-tenor, low-grade nickel mineralization with pods of high-grade mineralization.

Metal Energy may earn up to a 100% interest in the project by undertaking work and payments in three defined earn-in stages. Metal Energy acquired an initial 49% interest ("Stage 1"), effective March 22, 2022, in the project by paying CanAlaska \$30,000 cash, issue \$275,000 worth of common shares and incur \$500,000 in exploration expenditures on the project within 12 months of TSX Venture Exchange ("TSXV") approval date for the approval of the qualifying transaction.

The Company earned an additional 21% interest ("Stage 2") in the project by paying CanAlaska a further \$50,000 cash, issued a further 1,500,000 common shares in Metal Energy, and incurred an additional \$1,500,000 in exploration expenditures on the project.

The Company has elected to earn the remaining 30% interest ("Stage 3") in the project by paying to CanAlaska a further \$100,000 cash, issue a further 5,000,000 common shares in Metal Energy, and incur an additional \$2,000,000 in exploration expenditures on the project within 24 months of entering the Stage 3 option. A summary of the various stages is contained in Table 1.

The earn-in option agreement originally considered CanAlaska as the operators of the project during Stage 1 and Stage 2. As of February 8, 2022, Metal Energy and CanAlaska had agreed for Metal Energy to become the operators of the project after the completion of Stage 1 and the planned the 3,000-metre diamond drill program scheduled for March and April, 2022. As part of completing the Stage 1 option, Metal Energy granted to CanAlaska a 1% Net Smelter Return (NSR) royalty on claims P1271F and P1272F, and a 2% NSR royalty on all other claims.

Table 1: Summary of Option Stages for Manibridge project

| Option Stage | Interest Earned (%) | Cash Payment (\$) | Shares Issued (\$) | Shares Issued (#) | Exploration Expenditure (\$) | Timeline (months) |
|---------------|---------------------|-------------------|--------------------|--------------------|------------------------------|--|
| On signing | | 15,000 (paid) | | | | |
| TSXV Approval | | 15,000 (paid) | 100,000 (issued) | | | On TSXV Approval |
| Stage 1 | 49 | | 175,000 (issued) | | 500,000 (complete) | 12 months after TSXV Approval |
| Stage 2 | 21 | 50,000 (paid) | | 1,500,000 (issued) | 1,500,000 (complete) | 12 months after TSXV Approval |
| Stage 3 | 30 | 100,000 (paid) | | 5,000,000 (issued) | 2,000,000 (Active) | 24 months after exercise of 70% option |
| Totals | 100 | 180,000 | 275,000 | 6,500,000 | 4,000,000 | |

Strange Project, Thunder Bay, Ontario:

The Strange project was identified by former Inco geologists and is located approximately 60 kilometers southwest of Thunder Bay, Ontario. Preliminary exploration suggests the possibility for a significant nickel sulphide opportunity. A few large-scale magnetic anomalies have been identified on the project, interpreted as mafic/ultramafic rock types layered within sedimentary units of the Midcontinent Rift System. The size and strength of the magnetic anomalies suggest the system is permissive of a district-scale nickel deposit. To encompass the entire anomaly, Metal Energy has staked further claims totaling 11,000 ha. The project is well-positioned with proximity to infrastructure, including an all-season highway within the project, powerlines, rail lines, and port all within Thunder Bay.

Strange Project Option Agreement

On November 30, 2020, San Corp. (a company controlled by a director acting as a nominee) was granted the sole and exclusive right and option to acquire a 100% interest in the Strange project free and clear of all liens, charges, encumbrances, claims or rights. San Corp. then assigned this option to D Block whereby the Company issued 8,900,000 common shares to San Corp. at an estimated valuation of \$445,000 as consideration. The value of share consideration was based on the price of shares issued pursuant to the April 12, 2021 private placement. In November 2022, the Company amended the milestones in its option agreement on the Strange Project. The below chart reflects the amended milestones.

The consideration for the grant of the option is as follows:

Table 2: Summary of Option Stages for Strange project

| Option Stage | Interest Earned (%) | Cash Payment (\$) | Shares Issued (#) | Exploration Expenditure (\$) | Timeline (months) |
|--------------|---------------------|-------------------|-------------------|--|--------------------------------|
| On signing | | 15,000 (paid) | 200,000 (issued) | | By December 5, 2020 |
| Stage 1 | | 30,000 (paid) | 150,000 (issued) | | On or before November 30, 2021 |
| Stage 2 | | 15,000* | - | | On or before November 30, 2022 |
| Stage 3 | | 85,000 | 200,000 | | On or before November 30, 2023 |
| Stage 4 | | 250,000 | 300,000 | 2 drill holes on or before November 30, 2023 (1 complete) | On or before November 30, 2024 |
| Total | 100% | 395,000 | 850,000 | Est. 600,000 | |

*Paid in November 2022, with \$5,000 paid in cash and \$10,000 paid in shares of the Company being a total of 161,216 shares.

The optionor is entitled to a 2% NSR on each of Block A and Block B of the project, in respect of which the Company has the right to buy back half (50% of the aforementioned 2% which is equal to 1% of the gross total NSR) on either or both blocks from the optionor, at a price of \$2,000,000 per block.

REVIEW OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND THE THREE MONTHS AND PERIOD ENDED FROM JANUARY 5, 2021 (DATE OF INCORPORATION) TO SEPTEMBER 30, 2021

Three months ended September 30, 2022 and 2021

During the three months ended September 30, 2022, the Company recorded a net loss before taxes of \$1.3 million compared to \$94,404 in the period year before. The net loss in the current period was driven by increased exploration and evaluation expenses from progressing the exploration programs where the prior year period reflected the initial activity of the Company.

| | September 30, 2022 | September 30, 2021 | Change |
|--|-----------------------|-----------------------|-------------|
| Exploration and evaluation expenses | \$1,298,576 | \$16,411 | \$1,282,165 |
| Transfer agent, filing fees and shareholder communications | 52,236 | 12,658 | 39,578 |
| Management and consulting fees | 123,519 | 39,963 | 83,556 |
| Audit, accounting and legal | 24,253 | 23,361 | 892 |
| Share-based compensation | (31,781) | - | (31,781) |
| Office, general and administrative | 7,123 | 1,811 | 5,312 |
| TOTAL EXPENSES | \$1,473,926 | \$94,204 | \$1,379,722 |

- Exploration and evaluation expenditures increased \$1.2 million as a result of execution of the drill program at the Company's Manibridge project.
- Transfer agent, filing fees and shareholder communications increased as a result of increased activity and a larger shareholder base with the Company being a public company.
- Management and consulting fees increased \$84 thousand as a result of increased activity with the advancement of the exploration projects.

Nine months ended September 30, 2022 and period from January 5, 2021 to September 30, 2021

During the nine months ended September 30, 2022, the Company recorded a net loss before taxes of \$4.2 million compared to \$0.7 million in the prior year period. The net loss in the current period was driven by increased exploration and evaluation expenses from progressing the exploration programs where the prior year period reflected the initial activity of the Company.

| | September 30, 2022 | September 30, 2021 | Change |
|--|-----------------------|-----------------------|-------------|
| Exploration and evaluation expenses | \$4,102,692 | \$514,267 | \$3,588,425 |
| Transfer agent, filing fees and shareholder communications | 183,643 | 77,996 | 105,647 |
| Management and consulting fees | 326,440 | 68,000 | 258,440 |
| Audit, accounting and legal | 69,980 | 54,881 | 15,099 |
| Share-based compensation | 37,387 | - | 37,387 |
| Office, general and administrative | 28,370 | 5,033 | 23,337 |
| TOTAL EXPENSES | \$4,748,512 | \$720,177 | \$4,028,335 |

- Exploration and evaluation expenditures increased \$3.5 million as a result of execution of the drill program at the Company's Manibridge and Strange projects.
- Transfer agent, filing fees and shareholder communications increased as a result of increased activity and a larger shareholder base with the Company being a public company.
- Management and consulting fees increased \$258 thousand as a result of increased activity with the advancement of the exploration projects and the Company not having active operations at the beginning of 2021.

- Share-based compensation increased by \$37 thousand as a result of stock options issued in the current period.

Mineral Projects

The evaluation and exploration expenditures incurred during the period ended September 30, 2022 and since project inception, for each project were as follows:

| | September 30, 2022 | September 30, 2021 | Cumulative Since Property Inception to March 31, 2022 |
|--|-------------------------------|-------------------------------|--|
| Strange Project, Thunder Bay, Ontario | \$428,402 | \$481,220 | \$971,577 |
| Manibridge Project, Thompson, Manitoba | 3,674,290 | 26,922 | 3,812,442 |
| | \$4,102,692 | \$508,142 | \$4,784,019 |

Summary of Quarterly Results

The following chart summarizes the quarterly results from inception (January 5, 2021) to September 30, 2022:

| | 30-Sept-22 | 30-Jun-22 | 31-Mar-22 | 31-Dec-21 |
|-----------------------|----------------------|------------------|------------------|------------------|
| Net Loss | \$(1,349,124) | \$(2,871,274) | \$(1,080,119) | \$(2,321,088) |
| Comprehensive Loss | (1,349,124) | (2,871,274) | (1,080,119) | (2,321,088) |
| Loss per share | (0.02) | (0.03) | (0.01) | (0.05) |
| Total assets | 3,131,446 | 4,629,454 | 6,465,211 | 7,068,225 |
| Long-term liabilities | - | - | - | - |
| Shareholders' equity | \$2,946,723 | \$3,927,628 | \$5,651,363 | \$6,344,734 |

| | 30-Sept-21 | 30-Jun-21 | 31-Mar-21 |
|-----------------------|-------------------|------------------|------------------|
| Net Loss | \$(70,188) | \$(625,973) | \$- |
| Comprehensive Loss | (70,188) | (625,973) | - |
| Loss per share | (0.00) | (0.03) | - |
| Total assets | 2,604,829 | 1,123,755 | 900 |
| Long-term liabilities | - | - | - |
| Shareholders' equity | \$2,570,987 | \$1,086,927 | \$900 |

Liquidity and Financial Condition

Due to the nature of the junior mineral exploration business, the Company relies upon external financing to fund its ongoing business activities. Financing options are continually being evaluated and pursued by the Company, such as the issuance of share capital and/or debt financing. The Company's ability to continue as a going concern is dependent upon financing arrangements for its business activities. As with any business in this industry, there are uncertainties associated with its ability to raise additional financing through private placements, or other sources to fund these activities. As such, the Company is subject to liquidity risks.

As at September 30, 2022, the Company has working capital of \$3,001,743 a decrease of \$3,926,126 from \$6,927,869 as at December 31, 2021 and an accumulated deficit of \$7,237,647. The decrease in working capital is a result of the exploration and evaluation activity carried out in the current period. Current assets totaled \$3,131,446 and consisted of cash of \$2,880,220, GST/HST recoverable of \$224,896, prepaid expenses and deposits of \$15,000 and amounts due from related party of \$11,330. Current liabilities totaled

\$184,723 and consisted of accounts payable and accrued liabilities of \$129,703 and flow-through share liability of \$55,020.

The Company had a cash balance of \$2,880,220 as at September 30, 2022. In the nine months ended September 30, 2022, cash used in operating activities was \$4,134,128. There were no funds used in or provided by financing or investing activities in the current period.

Related Party Transactions

Key management personnel compensation

Key management includes directors and officers. The remuneration of the key management of the Company during the period ended September 30, 2022 was as follows:

| | September 30, 2022 | September 30, 2021 |
|--|-----------------------|-----------------------|
| Salaries (included in exploration and evaluation expenses) | \$161,962 | - |
| Management and consulting fees | 160,597 | 68,000 |
| Share-based payments | 13,845 | - |
| | \$336,404 | 68,000 |

At September 30, 2022, due from related party in the amount of \$17,476 is receivable from Standard Ore Corporation, a company controlled by a director. It is unsecured, non-interest bearing and due on demand.

| | September 30, 2022 | December 31, 2021 |
|-----------------------------------|-----------------------|----------------------|
| Due from Standard Ore Corporation | \$11,330 | \$17,476 |

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Fair value of financial instruments

The fair value of financial instruments approximates their carrying value due to the short-term maturity of these instruments. As at September 30, 2022 and December 31, 2021, the Company has no financial instruments to classify in the fair value hierarchy. The fair value of the Company's financial instruments approximate their carrying amount given their short term nature.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. GST/HST receivable is due from the Government of Canada and the Company believes the risk of loss related to these is remote. The Company's exposure to credit risk is on its cash held in bank accounts. Cash is held with major banks in Canada. Management assesses credit risk of cash as remote.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company strives to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to

normal trade terms. In the long-term, the Company may have to issue additional equity to ensure there is sufficient capital to meet long-term objectives.

Currency and interest rate risk

The Company is not exposed to any significant foreign exchange risk or interest rate risk.

Classification of financial instruments

Financial assets and liabilities included in the statement of financial position are as follows:

| | September 30, 2022 | December 31, 2021 |
|---|-----------------------|----------------------|
| Financial assets at amortized costs: | | |
| Cash | \$2,880,220 | \$7,014,348 |
| GST/HST receivable | 224,896 | 36,401 |
| Due from related party | 11,330 | 17,476 |
| | \$3,116,446 | \$7,068,225 |
| Financial liabilities at amortized cost: | | |
| Accounts payable and accrued liabilities | \$129,703 | \$140,356 |
| | \$129,703 | \$140,356 |

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns to shareholders and benefits to other stakeholders. The Company considers the items included in equity as capital. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through equity offerings or return capital to shareholders.

There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended September 30, 2022. The Company is not subject to externally imposed capital restrictions.

Equity Securities Issued and Outstanding

As at November 29, 2022:

- 88,183,680 common shares issued and outstanding
- 8,660,000 common share options outstanding
- 15,231,342 warrants outstanding
- 1,140,002 compensation options outstanding (each comprising one share and one-half warrant)

Corporate Governance Matters

The Company has an independent audit committee and a compensation committee that meets periodically as required to review and approve financial statements and to approve management compensation.

Commitments and Contingencies

(a) The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(a) Pursuant to the terms of the flow-through share agreement entered into in 2021, as at December 31, 2021, the Company is committed to spend a further \$2,364,379 in eligible exploration and evaluation expenses by December 31, 2022. The Company has indemnified the subscribers of the flow-through share offering against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitment.

(b) In March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's operations and ability to raise capital.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Risks and Uncertainties

Metal Energy's business of exploring mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future.

Capital Requirements

The Company will require significant capital in order to fund its operating costs and to explore and develop any project. Metal Energy has no revenues and is wholly reliant upon external financing to fund all of its capital requirements. Metal Energy will require additional financing from external sources to meet such requirements. There can be no assurance that such financing will be available to Metal Energy or, if it is, that it will be offered on acceptable terms. If additional financing is raised through the issuance of equity or convertible debt securities of Metal Energy, the interests of shareholders in the net assets of Metal Energy may be diluted. Any failure of Metal Energy to obtain financing on acceptable terms could have a material adverse effect on Metal Energy's financial condition, prospects, results of operations and liquidity and require Metal Energy to cancel or postpone planned capital investments.

Dependence on Mineral Exploration Projects

Any adverse development affecting the progress of Company's exploration projects such as, but not limited to, obtaining financing on commercially suitable terms, hiring suitable personnel and contractors, or securing supply agreements on commercially suitable terms, may have a material adverse effect on the Company and its business or prospects.

Metal Prices

The development and success of any project of the Company will be primarily dependent on the future spot

price of nickel, (and other metals). The nickel spot price, like any other commodity, is subject to significant fluctuation and is affected by a number of factors, which are beyond the control of the Company. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major nickel-producing countries throughout the world. Future serious nickel price declines could cause any future development of and commercial production from the Company's projects to be impracticable.

Government Regulation, Permits and Licenses

The Company's mineral exploration and potential development activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, development or production. Many of the mineral rights and interests of the Company are subject to government approvals, licenses and permits. Such approvals, licenses and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that the Company will be successful in maintaining any or all of the various approvals, licenses and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral projects.

Where required, obtaining necessary permits and licenses can be a complex, time-consuming process and the Company cannot assure that required permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral projects may be required to compensate those suffering loss or damage by reason of such mining activities, and may have civil or criminal fines or penalties

imposed for violations of applicable laws or regulations. Amendments to current laws and regulations governing operations or more stringent implementation thereof could have a substantial adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing projects or require abandonment or delays in development of new mining projects.

Competition

The mining industry is competitive in all of its phases. The Company faces strong competition from other exploration and mining companies in connection with the acquisition of projects producing or capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical capabilities than Metal Energy. As a result of this competition, Metal Energy may be unable to maintain or acquire attractive mining projects on terms it considers acceptable or at all. Consequently, the financial condition and any future revenues and operations of Metal Energy could be materially adversely affected.

Exploration, Development and Operational Risk

The exploration for, and development of, mineral deposits involve significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few projects, which are explored, are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be

commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices which are highly cyclical, and government regulations including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Metal Energy not receiving an adequate return on invested capital.

The Company does not currently operate a mine on any of its projects. There is no certainty that the expenditures made by Metal Energy towards the search for, and evaluation of, mineral deposits will result in discoveries of commercial quantities of ore. Mining operations generally involve a high degree of risk. Such operations are subject to all the hazards and risks normally encountered in the exploration for, and development and production of nickel. Such hazards and risks include unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of mines and other producing facilities, damage to life or project, environmental damage and possible legal liability. Milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

Reliance on Management and Key Employees

The success of the operations and activities of Metal Energy is dependent to a significant extent on the efforts and abilities of its management, a relatively small number of key employees, outside contractors, experts and other advisors. Investors must be willing to rely to a significant extent on management's discretion and judgment, as well as the expertise and competence of its key employees, outside contractors, experts and other advisors. Metal Energy does not have in place formal programs for succession of management and training of management nor does it have key person insurance on its key employees. The loss of one or more of these persons, if not replaced, could adversely affect Metal Energy's operations and financial performance.

No Assurance of Titles, Boundaries or Approvals

Titles to Metal Energy's projects may be challenged or impugned, and title insurance is generally not available. Metal Energy's mineral projects may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, Metal Energy may be unable to operate its projects as permitted or to enforce its rights with respect to its projects. Metal Energy cannot assure that it will receive the necessary approval or permits to exploit any or all of its mineral projects in the future. The failure to obtain such permits could adversely affect Metal Energy's operations.

Environmental Risks and Hazards

All phases of Metal Energy's operations are subject to environmental regulation in the jurisdiction in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Metal Energy's operations. Environmental hazards may exist on the projects in which Metal Energy holds interests which are unknown to Metal Energy at present and which have been caused by previous or existing owners or operators of the projects.

Uninsured Risks

Metal Energy's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral projects or production facilities, personal injury or death, environmental damage to Metal Energy's projects or the projects of others, delays in development or mining, monetary losses and possible legal liability. Although Metal Energy maintains insurance to protect against certain risks in such amounts as it considers commercially

reasonable, its insurance will not cover all of the potential risks associated with its operations. Metal Energy may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration is not generally available to Metal Energy on affordable and acceptable terms. Metal Energy might also become subject to liability for pollution or other hazards which may not be insured against or which Metal Energy may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Metal Energy to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

COVID-19

The COVID-19 pandemic is causing a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally could have an adverse impact on the Company's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the Company's business, operations or financial results, including the Company's ability to secure financing; however, the impact could be material

Evaluation of Disclosure Controls and Procedures

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited interim condensed consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim condensed consolidated financial statements; and (ii) the unaudited interim condensed consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of: i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of unaudited interim condensed consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to

the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Cautionary Note Regarding Forward-Looking Statements

Certain of the statements made and information contained herein is “forward-looking information”. These statements relate to future events or the Company’s future performance. All statements, other than statements of historical fact, may be forward-looking statements. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “anticipates”, “plans”, “budget”, “scheduled”, “continue”, “estimates”, “forecasts”, “expect”, “is expected”, “project”, “propose”, “potential”, “targeting”, “intends”, “believes” or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might”, or “will be taken”, “occur” or “be achieved” or the negative connotation thereof. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental and taxation regimes, expectations regarding the Company’s ability to raise capital, expenditures to be made by the Company on its projects and work plans to be conducted by the Company. With respect to forward-looking statements listed above and contained in the MD&A, the Company has made assumptions regarding, among other things:

- uncertainties relating to receiving exploration permits;
- the impact of increasing competition;
- unpredictable changes to the market prices for minerals;
- exploration and developments costs for its projects;
- availability of additional financing and opportunities for acquisitions or joint-venture partners;
- anticipated results of exploration and development activities; and
- the Company’s ability to obtain additional financing on satisfactory terms.

The Company’s actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A and Financial Statements and Notes to the Financial Statements as at September 30, 2022 and the Annual MD&A and Financial Statements and Notes to the Financial Statements as at December 31, 2021, uncertainties associated with estimating resources; geological, technical, drilling and processing problems; liabilities and risks, including environmental liabilities and risks, inherent in mineral and oil and gas operations; fluctuations in currencies and interest rates; incorrect assessments of the value of acquisitions; unanticipated results of exploration activities; competition for, amongst other things, capital, undeveloped lands and skilled personnel; lack of availability of additional financing and farm-in or joint venture partners and unpredictable weather conditions. Although the Company has attempted to identify important factors that could cause results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Readers are cautioned that the foregoing lists of factors are not exhaustive. Forward looking statements are made as of the date hereof and accordingly are subject to change after such date. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

“Stephen Stewart”

On behalf of Metal Energy Corporation’s Board of Directors