

SERRA ENERGY METALS CORP
(formerly E79 Resources Corp)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2025

General

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the interim financial statements and related notes thereto of Serra Energy Metals Corp. (the "Company") for the nine months ended January 31, 2025 and 2024, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board ("IASB"), including IAS 34, Interim Financial Reporting. All amounts in the financial statements and this discussion and analysis are presented in Canadian dollars, unless otherwise indicated. This Management Discussion and Analysis ("MD&A") is dated March 26, 2025 and discloses specified information up to that date.

Management is responsible for the preparation and integrity of the condensed consolidated interim 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 consolidated financial statements and MD&A, is complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at www.sedarplus.com.

Description of Business and Operations

The Company is a resource exploration company that is acquiring and exploring mineral properties. The Company was incorporated on September 27, 2018, under the laws of the Province of British Columbia, Canada. On October 18, 2023, the Company changed its name to Serra Energy Metals Corp from E79 Resources Corp. The Company is a reporting issuer in the province of British Columbia. The head office, principal address and records office of the Company are located at 918-1030 West Georgia Street, Vancouver BC. The Company is listed on the Canadian Securities Exchange under the stock symbol SEEM and trades on the OTCQB under the symbol ESNF.

On November 30, 2020, the Company closed a purchase agreement with E79 Resources Pty Ltd., a private Australian company ("E79"), pursuant to which the Company acquired all of the outstanding shares of E79. and thereby acquired 100% of two gold projects, the Beaufort and Myrtleford projects located in Victoria, Australia ("Projects").

On December 18, 2024 the Company announced that it had entered into an agreement with Advance Metals Limited ("Advance") whereby it has agreed to sell 80% of its interest in the Myrtleford and Beaufort projects. The Company will effect the sale by selling to Advance 80% of the ordinary shares in E79 Resources Pty Ltd. Completion of the sale is conditional upon all regulatory and other required approvals which have not been completed to date. Pursuant to the terms of the agreement, as consideration to acquire the E79 Shares, Advance will issue Serra ordinary shares in Advance ("AVM Shares") having a value of C\$3 million in tranches over a period of four years, calculated by dividing the 20-day volume weighted average trading price of the AVM Shares. Advance will be appointed as the operator of the Projects, responsible for all costs on the projects, until all of the consideration shares have been issued.

Following the issuance of all Consideration Shares, the Company will transfer 80% of the E79 Shares to Advance and the parties will enter into an agreement governing the operation of the Projects as a joint venture (the "Joint Venture"). Proportional to their interest in E79 and the Projects, Serra will hold a 20% interest in the Joint Venture and Advance will hold an 80% interest in the Joint Venture. In addition, Advance will grant Serra a 1% net smelter return royalty in respect of any gold production from Projects.

For further details on the transaction, see the company's news release of December 18, 2024 on the Company's website and on SEDAR at sedarplus.ca.

The Company's share capital was consolidated on a 10:1 basis effective January 10, 2025. As a result of the consolidation, the number of issued and outstanding shares of the Company was reduced from 65,111,145 to 6,511,113. All share and per share figures have been adjusted in the Management Disclosure and Analysis to reflect the consolidation.

Mineral Property Interests

Myrtleford Property

Myrtleford is a granted exploration license and located in the north-east of Victoria, approximately 290 km northeast of the Victorian capital Melbourne and approximately 40 km south of the Victoria – New South Wales border cities of Albury – Wodonga, Australia. The license consists of a single contiguous parcel covering 418km². The Exploration License lies within a northwest-trending belt of alluvial and hard rock gold mines that collectively produced 6.3 Moz in the past, mostly from alluvial mining, but also from hard rock production.

During the year ended April 30, 2024, the carrying cost of the project was reviewed and given the focus of the Company is currently not on this project and although the Company continues to maintain its title to the property, it has no current plans to further explore the property, the project was impaired to \$1.

Beaufort Property, Australia

Beaufort is a granted exploration tenement located in the southwest of Victoria approximately 145km west of Melbourne, Australia. It is approximately 48km west of the regional town and historic gold mining center of Ballarat. The license consists of a single contiguous parcel covering 120km². The Beaufort Goldfield has been extensively mined in the past almost exclusively for alluvial gold, with an estimated 1.16 Moz of historical production. Local primary sources for the alluvial gold have not yet been identified.

During the year ended April 30, 2023, the carrying cost of the project was reviewed and given the focus of the Company is currently not on this project and although the Company continues to maintain its title to the property, it has no current plans to further explore the property, the project was impaired to \$1.

A continuity of acquisition costs included in exploration and evaluation assets is as follows:

	Total for nine months ended				Total for year ended			
	BRAZIL		AUSTRALIA		January 31, 2025		April 30, 2024	
	Santa Luz	Beaufort	Myrtleford		Santa Luz	Beaufort	Myrtleford	
Property acquisition costs								
Balance, beginning	\$ 1	\$ 1	\$ 1	\$ 3	\$ -	\$ 1	\$ 6,450,700	\$ 6,450,701
Additions	-	-	-	-	15,789	-	-	15,789
Impairment	-	-	-	-	(15,788)	-	(6,450,699)	(6,466,487)
Sale of property	(1)	-	-	(1)	-	-	-	-
Balance, ending	\$ -	\$ 1	\$ 1	\$ 2	\$ 1	\$ 1	\$ 1	\$ 3
Exploration and evaluation costs								
Balance, beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,483,306	\$ 4,483,306
Consulting, management and sub-contractors	-	-	-	-	140,718	-	15,025	155,743
Soil sampling and assay	-	-	-	-	10,493	-	25,002	35,495
Geophysics	-	-	-	-	-	-	-	-
Drilling	-	-	-	-	-	-	535	535
Other costs	-	-	-	-	5,602	-	24,733	30,335
Recovery of costs	-	-	-	-	-	-	(57,751)	(57,751)
Balance, ending	\$ -	\$ -	\$ -	\$ -	\$ 156,813	\$ -	\$ 4,490,850	\$ 4,647,663
Impairment	-	-	-	-	(156,813)	-	(4,990,850)	(4,647,663)
Total	\$ -	\$ 1	\$ 1	\$ 2	\$ 1	\$ 1	\$ 1	\$ 3

Results of Operations

The net losses for the nine months ended January 31, 2025 and 2024 are summarized below:

	2025	2024
General and administrative	\$ 160,751	\$ 205,490
Foreign exchange	(43,866)	18,394
Marketing	1,648	78,056
Management fees	161,440	543,061
Professional fees	38,529	17,704
Transfer agent, regulatory and listing fees	39,627	32,519
Travel	-	94,837
Depreciation	5,298	1,177
Stock-based compensation	-	54,789
Recovery of exploration and evaluation assets	-	(57,751)
Impairment of other assets	50,272	-
Other Income	(4,421)	-
Net loss	\$ (409,278)	\$ (988,276)

General and administrative, marketing and travel decreased due to an effort by the Company to contain costs as it reviews its ongoing strategy. Management fees in the prior period included a severance payment to a former officer of the Company. Stock-based compensation represents the value of stock options granted to directors, officers and consultants which vested in the period. The impairment of other assets in the current period represents the net consolidated loss on the sale of the Brazil subsidiary.

The net losses for the three months ended January 31, 2025 and 2024 are summarized below:

	2025	2024
General and administrative	\$ 33,679	\$ 72,782
Foreign exchange	147	6,118
Marketing	1,591	24,764
Management fees	46,367	167,432
Professional fees	25,526	3,863
Transfer agent, regulatory and listing fees	17,223	6,704
Travel	-	48,280
Depreciation	1,766	1,177
Stock-based compensation	-	16,767
Impairment of other assets	-	-
Other Income	4,421	-
Net loss	\$ (121,878)	\$ (347,887)

Reasons for the variations in expenses and on the net loss are similar to those for the nine months described above.

Selected Quarterly Information

The following table provides selected quarterly financial data for the most recently completed interim quarters:

Quarter Ended	Loss for the period \$	Loss per Share (Basic & Diluted) \$	Total Assets \$
January 31, 2025	121,878	0.02	1,996,341
October 31, 2024	120,120	0.00	2,126,343
July 31, 2024	167,280	0.00	2,247,127
April 30, 2024	11,384,470	0.17	2,488,531
January 31, 2024	347,887	0.01	14,069,152
October 31, 2023	292,165	0.01	14,421,086
July 31, 2023	348,224	0.01	14,773,986
April 30, 2023	3,664,409	0.06	15,241,519

The loss for the period ended April 30, 2024 included the impairment of exploration and evaluation assets.

Financial Condition, Liquidity and Capital Resources

As an exploration company, the Company has not generated any revenues from operations with the primary source of financing to date being from the issuance of equity securities and advancements received from related parties to continue the development of its mineral property.

As at January 31, 2025 the Company had a working capital of \$1,955,888 (April 30, 2024 - \$2,359,867) and cash of \$1,891,159 (April 30, 2024 - \$2,387,564).

There can be no assurance that financing will be available to the Company in the future that will be obtained on terms satisfactory to the Company.

Supplemental Cash Flow Information

Operating Activities

During the nine months ended January 31, 2025, cash used in operating activities was \$496,405 (2024 - \$1,081,639). The decrease in cash used is primarily a result of cash conservation efforts as the Company reviews its strategy.

Investing Activities

During the nine months ended January 31, 2025, cash used in investing activities was \$Nil (2024 - \$240,104) as a result of exploration activities on the Company's projects.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance-sheet arrangements.

Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

Key management compensation is as follows:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2025	2024	2025	2024
Management fees	\$ 40,412	\$ 122,609	\$ 141,369	\$ 381,990
Stock based compensation	-	16,767	-	96,166
	\$ 40,412	\$ 139,376	\$ 141,369	\$ 478,156

As at January 31, 2025 \$Nil (2024 - \$566) were owed to directors and officers of the Company.

As at January 31, 2025, \$Nil (2024 - \$9,000) was included in prepaid expenses to directors of the Company.

Accounting Policies

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations and may require management to make judgements or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing the audited financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

Critical Accounting Estimates

The preparation of the Company's audited financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. 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 judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

- i) **Going concern:**
The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involved significant judgments based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstance.
- ii) **Economic recoverability and probability of future benefits of exploration and evaluation costs:**
Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to

proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

iii) Valuation of stock-based compensation

The Company uses the Black-Scholes option pricing model for valuation of stock-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

iv) Income taxes

The Company recognizes deferred tax assets for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and other income tax deductions can be utilized. In assessing the probability of realizing the income tax benefits of deductible temporary differences, unused tax losses and other income tax deductions, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

Financial Instruments and Capital Management

Due to the short-term nature, the carrying amount of cash, amounts receivables and accounts payable and accrued liabilities approximates their fair value. Cash is measured at fair value while other receivables, accounts payables and accrued liabilities and amounts due to related parties are measured at amortized cost.

Contingencies

The Company is not aware of any contingencies or pending legal proceedings as at the date of this report.

Disclosure of Outstanding Share Data

As at the date of this report, the Company had 6,511,113 (April 30, 2024 – 6,511,113) common shares outstanding, no shares were held in escrow (2024 - no shares held in escrow).

As at the date of this report, the Company had 262,500 stock options outstanding with a weighted average exercise price of \$7.50.

Investor Relations

The Company has no third parties providing investor relations or other related services.

Management's Responsibility for the Financial Statements

The Company's business remains mineral property acquisition, exploration and development business and as a result it may be exposed to a number of operational, financial, regulatory and other risks and uncertainties that are typical in the natural resource industry and common to other companies in the exploration and development stage. These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company, or which are presently considered immaterial could adversely impact the Company's business, results of operations, and financial performance in future periods.

The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. While the Company has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the future. Many factors influence the Company's ability to raise funds, including the health of the capital market, the climate for mineral exploration investment and the Company's track record. Actual funding requirements may vary from those planned due to a number of factors, including the acquisition of new projects. There is no guarantee that the Company will be able to secure additional financings in the future at terms that are favourable, or at all.

Other Information

Risk Factors

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. Due to the nature of the Company's proposed business and the present stage of exploration of the Myrtleford and Beaufort projects, the following risk factors, among others, will apply to the Company. Mineral exploration and development involve a high degree of risk, requires substantial expenditures and few properties that are explored are ultimately developed into producing mines.

Exploration and Development Risks

Resource exploration and development is a speculative business, involving considerable financial and technical risks, including the failure to discover mineral deposits, market fluctuations and government regulations, which are beyond the control of the Company.

Mineral Deposits and Production Costs; Metal Prices

The economics of developing mineral deposits are affected by many factors including variations in the grade of ore mined, the cost of operations, and fluctuations in the sales price of mineral products. The value of the Company's mineral property interest is directly influenced by metal prices. There can be no assurance that the prices of mineral products will be sufficient to ensure that the Company's property can be mined profitably.

Additional Financing

Future exploration and development activities, including corporate costs will require additional financing. If such additional financing is not available, it would result the Company's operations being adversely affected, including a delay or indefinite postponement of exploration and development of the property interests of the Company. Although management believes that it has sufficient funds available to maintain its proposed project in the near term, it will require further funding to complete its program on the Myrtleford and Beaufort projects and continues its efforts to source equity and debt finance to fund its ongoing activities.

Title Matters

Title to mineral properties cannot be guaranteed. Title to mineral properties may be subject to unregistered prior agreements or transfers and may also be affected by undetected defects or the rights of indigenous peoples.

Permits and Licenses

The operations of the Company require licenses and permits from various governmental and non-governmental authorities. There can be no assurances that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations for its proposed projects.

Environmental and other Regulatory Requirements

The operations of the Company require permits from various levels of government. Such operations are subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company's, in the search for and the acquisition of attractive mineral properties. There is no assurance that the Company will continue to be able to compete successfully with the competition in acquiring such properties or prospects.

Dependence on Key Individuals

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company. The Company does not maintain key-person insurance on the lives of any of its key personnel. In addition, while certain of the Company's officers and directors have experience in the exploration of mineral producing properties, the Company will remain highly dependent upon contractors and third parties in the performance of their exploration and development activities. There can be no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms.

Currency Risk

Since most mineral commodities are sold in a world market in U.S. dollars, currency fluctuations may affect the cash flow which the Company may realize from its operations. The Company's costs are incurred primarily in Canadian dollars.

Influence of Third-Party Stakeholders

The lands in which the Company holds interests, or the exploration equipment and roads or other means of access which the Company intends to utilize in carrying out work programs or general exploration mandates, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, the work programs of the Company may be delayed even if such claims are not meritorious. Such delays may result in significant financial loss and loss of opportunity for the Company.

Fluctuation in Market Value of Shares

Investing in the Company is of a highly speculative nature. The market price of a publicly-traded stock is affected by many variables not directly related to the corporate performance of the entity, including the market in which it is traded, the strength of the economy in general, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The future effect of these and other factors on the market price of the Company's shares on the TSXV cannot be predicted.

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.sedarplus.ca. 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.