



FIRST ENERGY METALS LIMITED

**MANAGEMENT DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

For the nine months ended December 31, 2018

First Energy Metals Limited
Management's Discussion & Analysis
For the nine months ended December 31, 2018

The following Management Discussion and Analysis ("MD&A") of the financial condition and results of operations of First Energy Metals Limited ("First Energy" or "the Company") should be read in conjunction with the accompanying unaudited condensed interim financial statements and related notes thereto for the nine months ended December 31, 2018 and 2017, (the "Financial Report").

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website www.firstenergymetals.com.

1.1 DATE OF THE MD&A

This MD&A contains information to February 28, 2018.

1.2 OVERALL PERFORMANCE

First Energy is a junior resource company engaged in the exploration and development of mineral properties. It currently maintains early stage exploration properties in Canada. First Energy was incorporated on October 12, 1966 in the Province of British Columbia under the Business Corporations Act of British Columbia.

The Company maintains its corporate office at Suite 1206 – 588 Broughton Street, Vancouver, BC, V6G 3E3.

The Company's common shares trade on the TSX Venture Exchange (FE), the OTCBB Exchange (Pink) (ASKDF) and the Frankfurt Exchange (A2JC89).

This discussion focuses on key statistics from the unaudited condensed interim financial statements for the period ended December 31, 2018 and up to the date of this MD&A and pertains to known risks and uncertainties relating to the mineral exploration and development and mining industry. This discussion should not be considered all-inclusive, as it excludes changes that may occur in general economic, political and environmental conditions.

On October 14, the Company announced the appointment of Lyle McLennan to the Company's Board of Directors and the resignation of Laurie Stephenson from the Company's Board of Directors.

On October 22, 2018, the Company completed a non-brokered private placement ("Placement") for gross proceeds of \$350,000. The Placement includes issuing 3,555,556 units at a price of \$0.09 per unit ("Unit") for gross proceeds of \$320,000. Each Unit will consist of one common share and one transferable common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase an additional common share for a price of \$0.12 per share for a period of two years from the date of closing of the private placement. The Placement also includes a second private placement for gross proceeds of \$30,000 from the sale of 333,333 flow through shares at a price of \$0.09 per flow through share.

On October 22, 2018, the Company announced the results of Phase 2 exploration work at its Phyllis Cobalt Property (the "Phyllis Property") in Ontario. The highlights of sampling include a 4m intersection with 0.08% Cobalt (Co), 0.39% Copper (Cu), and 0.11% Nickel (Ni), including 1m @ 0.24% Co, 0.39% Cu, and 0.19% Nickel (Ni).

On November 9, 2018, the Company terminated its Highway 95 option agreement (the "Highway 95 Agreement"). The Highway 95 Agreement was entered into June 20, 2018, providing the Company with the

First Energy Metals Limited
Management’s Discussion & Analysis
For the nine months ended December 31, 2018

option to acquire a 100% interest in the Highway 95 Property, comprised of 2,400 acres located in Nye County Nevada, USA. The Company has terminated the agreement as the Company intends to focus its resources on its Russell Graphite and Phyllis Cobalt properties.

On December 12, 2018, the Company announced its plan to carry out a drill program at its Phyllis Cobalt Property (the "Phyllis Property") in Ontario. The program is aimed at testing the central Phyllis Cobalt Zone below surface to see the depth and size of the gabbroic intrusion and related cobalt -copper-nickel mineralization. The Company has hired a drilling contractor Ombabika Development Corporation to drill one to two core holes down to a depth of up to 100 metres below surface. The Company has already been granted permits for drilling from the Ministry of Northern Development and Mines Ontario.

On December 22, 2018, the Company completed a non-brokered private placement financing for total proceeds of \$250,000 by the issuance of 1,190,476 common shares at \$0.21 common shares (the “Placement”). The Company also paid finder’s fees totaling \$6,247.50 cash in connection with a portion of the Placement.

On February 20, 2019, the Company reported that there has been delays in the completion of its exploration drill program, originally announced on December 12, 2018. The delay is the result of poor weather conditions and the Company expects to resume and complete the drill program in the coming weeks.

The Company also reported that its shareholders approved all of the motions presented at its Annual General Meeting held on February 19, 2019.

On February 20, 2019, the Company announced a non-brokered private placement for gross proceeds of up to \$75,000 from the sale of up to 357,143 common shares at a price of 0.21 cents per common share. Proceeds of the private placement will be used primarily for general working capital and further exploration of the Company's Phyllis cobalt property.

1.2.1 Phyllis Cobalt Property, British Columbia, Canada

Phyllis Cobalt – the option agreement

On January 29, 2018, the Company entered into an option agreement (the “Phyllis Agreement”) under which the Company can earn 100% interest in the Phyllis Cobalt Property.

Under the terms of the Phyllis Agreement, the Company has the option to acquire a 100% interest in the Phyllis Cobalt Property (“Phyllis Property”) by making the following option payments, common shares issuances and exploration expenditures:

Due Dates	Option payments (\$)	Issuance of First Energy common shares	Minimum exploration expenditures (\$)	Cumulative exploration expenditure (\$)
On signing (paid and issued)	20,000	100,000	Nil	Nil
Year 1	35,000	150,000	75,000	75,000
Year 2	35,000	150,000	25,000	100,000
Year 3	50,000	200,000	125,000	125,000

The Phyllis Cobalt Property is subject to a royalty equal to 3% NSR upon commencement of commercial production for which the Company will have the option to reduce the NSR to 2.0% by paying \$1,000,000.

First Energy Metals Limited
Management's Discussion & Analysis
For the nine months ended December 31, 2018

During the nine months end December 31, 2018, the Company paid the initial \$20,000 option payment, issued 100,000 common shares with a fair value of \$35,000 pursuant to Phyllis Option Amendment Agreement and also incurred \$45,028 in exploration expenditures on the property.

Phyllis Cobalt – property details

Location and access

The Phyllis Cobalt Property is located in the Kenora Mining District of Ontario, the property consists of 112 mineral claim units totalling 1792 hectares in Grummett and Cathcart townships. The property has year-round access 192km northwest of Thunder Bay, ON via Hwy 17 and 9km south on a gravel forestry road.

Geology

The Phyllis Property claim block occupies the central portion of an ENE-WSW trending greenstone belt, consisting of Mesoarchean to Neoarchean age mafic to ultramafic rocks. These are bound by granite of varying composition -ranging from tonalite to biotite-granodiorite (Atikokan-Lakehead Sheet Map 2065) as shown in Figure 1. Recent mapping undertaken by the Ontario Geological Survey (Gulliver River Sheet, Map 3370), which includes a small portion of the Phyllis claims, suggests that there is a greater abundance of ultramafic metavolcanics than previously indicated. The regional foliation follows the general trend of the greenstone belt.

Mineralization

The initial cobalt discovery was made in 2010 by Don Dobransky, named the "Phyllis Central" occurrence. This discovery is characterized by an 80m x 60m outcrop and appears as a fairly structureless gabbro, with the exception of an array of narrow quartz veins and veinlets, which have sharp contacts with the country rock and trend roughly NE-SW, and appear to have been intruded relatively recently. The gabbro itself is fine-to medium grained and appears highly altered. The exposed outcrop follows the northern flank of a gentle hill. Earlier excavations focused in the uppermost parts of the topographic profile. This worked confirmed the presence of economic grades of cobalt mineralization up to 0.33% Co (including 1.2% Cu and 0.39% Ni).

On October 22, 2018, the Company announced that it has received assay results of Phase 2 exploration work at its Phyllis Cobalt Property (the "Phyllis Property") in Ontario. The highlights of sampling include a 4m intersection with 0.08% Cobalt (Co), 0.39% Copper (Cu), and 0.11% Nickel (Ni), including 1m @ 0.24% Co, 0.39% Cu, and 0.19% Nickel (Ni) (See attached Map for Sampling Location). The mineralization is hosted within a highly altered and fractured gabbro.

The work accomplished during Phase II exploration expanded on the Phase I exploration work of the original Phyllis Central trench to a 32m x 38m wide zone to increase the company's geological understanding of the intrusion and delineate the cobalt-copper-nickel mineralization. During this phase, 22 channel samples were taken testing various styles of disseminated, semi-massive, and massive sulphide mineralization. The company was successful to determine constraints on cobalt and other base metal mineralization. The size of the mineralization halo is unknown as it is largely covered by overburden on the northeast end of the trench created during Phase II. The company will continue to delineate this mineralization zone with continued exploration.

On December 12, 2018, the Company announced it plans to carry out a drill program at its Phyllis Property in Ontario. The program is aimed at testing the central Phyllis Cobalt Zone below surface to see the depth and size of the gabbroic intrusion and related cobalt -copper-nickel mineralization. The Company has hired a drilling contractor Ombabika Development Corporation to drill one to two core holes down to a depth of up to 100 metres below surface. The Company has already been granted permits for drilling from the Ministry of Northern Development and Mines Ontario.

First Energy Metals Limited
Management's Discussion & Analysis
For the nine months ended December 31, 2018

On February 20, 2019, the Company reported that there has been delays in the completion of its exploration drill program, originally announced on December 12, 2018. The delays are the result of poor weather conditions and the Company expects to resume and complete the drill program in the coming weeks.

The drill program is a follow up of surface sampling and trenching work carried out by the Company during this year and is in line with recommended Phase 1 exploration work in the technical report submitted on the Phyllis Cobalt Property. Surface sampling of the Phyllis Cobalt Zone indicated cobalt (Co) values in the range of 0.001% (10 parts per million "ppm") to 0.435% (4,350 ppm), copper (Cu) 0.03% to 0.602%, and nickel (Ni) 0.004% to 0.48% (See press release dated May 23, 2018). The trenching and channel sampling work included a 4m intersection with 0.08% Cobalt (Co) and 0.39% Copper (Cu), including 1m @ 0.24% Co, 0.39% Cu, and 0.19% Nickel (Ni) (See press release dated October 22, 2018). The mineralization is hosted within a highly altered and fractured gabbro.

Mr. Gurminder Sangha, CEO of First Energy Metals stated that, "Exploration at the Phyllis Cobalt property is moving forward at a steady pace as each phase of work has provided results to warrant further exploration. The Company is looking forward to the mobilization of both the drill crew and exploration team on the Phyllis property."

1.2.2 Russel Graphite Property, Quebec, Canada

Russel Graphite – the option agreement

On May 4, 2018, the Company entered into an option agreement (the "Russel Option Agreement") under which the Company can earn 100% interest in the Russel Graphite Property which consists of 30 mineral claims, located in Gatineau area of Quebec Province.

On December 31, 2018, the Company entered into an amended option agreement ("Russel Option Amendment Agreement") which amended the due dates for certain cash payments, share issuances and exploration expenditures of the Russel Option Agreement.

Under the terms of the Russel Option Amended Agreement, the Company has the right to acquire a 100% interest in Russel Graphite Property by making the following option payment, common share issuances and exploration expenditures:

Due Dates	Option payments (\$)	Issuance of First Energy common shares	Minimum exploration expenditures (\$)	Cumulative exploration expenditure (\$)
May 31, 2019 (issued)	7,500	75,000	Nil	Nil
September 1, 2019	10,000	100,000	50,000	50,000

The Russel Graphite Property is subject to a royalty equal to 3% NSR upon commencement of commercial production for which the Company will have the option to reduce the NSR by 2.0% by paying \$1,000,000 for each 1% of royalty.

During the nine months end December 31, 2018, the Company issued the initial 75,000 common shares with a fair value of \$27,000 pursuant to Russel Option Amendment Agreement and also incurred \$21,000 in exploration expenditures on the property.

First Energy Metals Limited
Management's Discussion & Analysis
For the nine months ended December 31, 2018

Russel Graphite – property details

The Russel Graphite Property consists of 30 mineral claims in one contiguous block totaling 1,798.06 hectares land on NTS map 31G13, located in Gatineau area of Quebec Province, approximately 50 kilometres to the north of Ottawa, Canada.

Historical

Historical geological work carried out by Gatineau Graphite Company, during 1916-1919 period, included prospecting and diamond drilling 30 short holes (reference report GM13866). Historical data from North Low showing indicate a bulk sample of 30 tons of rock produced 1,500 kilograms of high quality graphite at 38.18% graphitic carbon (Cg); 3,670 kilograms at 18.10% Cg; and 22,169 kilograms at 4.33% Cg. Mineralization is mostly associated with irregular bands of graphite along the contact of gabbro dikes in crystalline limestone. It is also found in small graphite veins within gabbroic rocks.

Location and Access

The Property has excellent infrastructure support, is road accessible via Provincial Highway 105 from Ottawa, located 150 kilometres from Montreal; water, power and manpower available locally. Village of North Low is a small community located one kilometre to the east of the Property. It is located in a very active graphite exploration and production area, about 50 kilometres to the southwest of TIMCAL's Lac des Iles graphite mine in Quebec which is a world class deposit with a production capacity of 25,000 tonnes of graphite annually. There are several other graphite showings and past producing mines in its vicinity.

Geology

The property is underlain by suitable geological environment for flake graphite type mineralization, consisting of Metasedimentary Belt of the Grenville Province which includes rocks, quartzite, biotite gneiss, limestone/marble, gabbro dikes, and plagioclase pyroxene. The graphite mineralization is in the form of bands and irregular veins along the contact of gabbro dikes in the crystalline limestone indicating a skarn type mineralization related to contact metamorphism and metasomatism. There are two main large flake graphite showings on the Property i.e., North Low and Russel showings.

At the Russel showing, the graphite mineralization is in the form of lenticular bands less than 1 metre thick mostly occurring as skarn type deposit at the contact of gabbro and crystalline limestone / dolomite. Historical drilling data indicates 15% Cg of 0.91 m thick (see survey in 28 paper MNR, GM- 13866). Several sections of drill holes completed for water resource down to 245 feet deep (105 feet of overburden) intersected graphite and phlogopite in marble.

1.2.3 Kaslo Silver Property, British Columbia, Canada

The 100% owned 4,000 Ha Kaslo Silver Property ("Kaslo"), a silver target, hosts eleven historic high-grade silver mineralized zones within 14 kilometres of favourable stratigraphy. Nine high-grade silver-lead-zinc mines operated on the Kaslo Property at various times from 1895 to 1966. The property is located 12 kilometres west of Kaslo in southern British Columbia.

1.2.4 Kootenay Lithium Property, British Columbia, Canada

On October 7, 2016, the Company entered into an agreement to purchase (the "Kootenay Agreement") a 100% interest in certain mineral claims (the "Kootenay Property") covering 4,050 hectares located in the Revelstoke and Nelson Mining Divisions of southeastern British Columbia.

During the year ended March 31, 2017, the Company purchased a 100% interest in the Kootenay Property by issuing 1,200,000 common shares at a value of \$0.40 per share. The Company also issued finder's fee totaling

First Energy Metals Limited
Management's Discussion & Analysis
For the nine months ended December 31, 2018

84,000 common shares in regards to the transaction, which amount has also been capitalized as an acquisition cost.

During the year ended March 31, 2018, the Company wrote down the carrying value of Kootenay Property to \$Nil as the Company does not intend to complete further exploration on the property. As such, in April 2018, the Company relinquished its property's mineral claims by not paying their annual mineral claim maintenance fees.

Qualified Person

All technical data, as disclosed in the MD&A, has been reviewed and approved by Alexander Pleson, P.Geo., a qualified person, as defined by NI 43-101 who works as consultant with the Company.

1.3 RESULTS OF OPERATIONS

For the nine months end December 31, 2018 compared to nine months ended December 31, 2017

The net loss and comprehensive loss for the nine months ended December 31, 2018 ("Current Period") was \$427,732 compared to a net loss and comprehensive loss for the nine months ended December 31, 2017 ("Comparative Period") of \$169,757. The increase in net loss of \$257,975 was due primarily to the following:

- Consulting fees were \$127,320 for the Current Period (2017 - \$10,450). The Current Period expenses consisted primarily of consulting fees incurred with respect to corporate development and potential transactions, financings and acquisitions;
- Exploration and evaluations expenditures increased by \$68,276 from \$8,038 in the Comparative Period to \$76,314 in the Current Period. The increase was primarily due to \$45,028 of exploration expenditures incurred as part of the Phyllis Cobalt property exploration program and \$21,000 of exploration expenditures incurred on the Russel Graphite property;
- General and administrative for the Current Period was \$8,964, a decrease of \$15,403 over the Comparative Period expense of \$24,367. The decrease was achieved through a reduction in overhead operating expenditures;
- Professional fees were \$39,304 for the Current Period, compared to \$18,612 for the Comparative Period. The current period increase was due primarily to accounting and audit fees.
- Salaries, fees and benefits were \$36,134 for the Current Period compared to \$51,120 for the Comparative period. The decrease of \$25,436 for the current period is due primarily to a reduction in salaries being paid to the executive management;
- Shareholder communications was \$139,760, an increase of \$126,751 over the Comparative Period expense of \$13,009. The increase was primarily due to costs associated with the updating the Company's website, the increase of the Company's online and digital media presence as well as exploring other shareholder communication initiatives.
- Share-based compensation for the Current Period was \$Nil. The Comparative Period share-based compensation was \$44,193, the fair value of the stock options granted during the period.

First Energy Metals Limited
Management's Discussion & Analysis
For the nine months ended December 31, 2018

1.4 SUMMARY OF QUARTERLY RESULTS

The financial results for each of the eight most recently completed quarters are summarized below:

	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Net revenues	\$ -	\$ -	\$ -	\$ -
Net loss	(\$79,014)	(\$68,819)	(\$279,899)	(\$692,627)
Per share	(\$0.01)	(\$0.00)	(\$0.02)	(\$0.07)
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Net revenues	\$ -	\$ -	\$ -	\$ -
Net loss	(\$31,746)	(\$105,443)	(\$32,536)	(\$55,443)
Per share	(\$0.00)	(\$0.02)	(\$0.00)	(\$0.01)

Significant variations in the net loss between periods are primarily due to the write-down of exploration and evaluation assets, and stock-based compensation as well as fluctuations in general administrative expenses.

1.5 LIQUIDITY AND CAPITAL RESOURCES

Since inception, the Company's capital resources have been primarily limited to proceeds raised from equity financings. The Company's liquidity depends primarily on its ability to obtain external financing to meet the Company's future operating expenditures.

The Company is not exposed to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

At December 31, 2018, First Energy had working capital of \$327,748 compared to working capital of \$136,728 at March 31, 2018, and an accumulated deficit of \$35,949,703 at December 31, 2018 compared to an accumulated deficit \$35,521,971 at March 31, 2018.

First Energy began the period ended December 31, 2018, with \$376,375 in cash. During the period ended December 31, 2018, the Company expended \$490,703 on operating activities, net of working capital changes, expended \$10,000 on investing activities, net of \$10,000 in reclamation bond recovery and generated \$552,213 from financing activities, consisting of \$593,752 in net proceeds from financing activities, and \$35,000 in proceeds from stock option exercises, and is net of \$76,539 in loan repayment, to end at December 31, 2018 with \$427,885 in cash.

Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned exploration and operations through the next twelve months. However, the Company experienced operating losses and negative operating cash flows with the operations of the Company having been primarily funded by the issuance of share capital. The Company expects to incur further losses in the development of its business, all of which cast significant doubt about the Company's ability to continue as a going concern.

As such, the Company announced on February 20, 2019, a non-brokered private placement for gross proceeds of up to \$75,000 from the sale of up to 357,143 common shares at a price of 0.21 cents per common share. Proceeds of the private placement will be used primarily for general working capital and further exploration of the Company's Phyllis cobalt property.

First Energy Metals Limited
Management's Discussion & Analysis
For the nine months ended December 31, 2018

The Company will also need to consider further financing including, but not limited to, the issuance of additional equity and debt. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company's performance (as measured by numerous factors including the progress and results of its projects), the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets. In addition to evaluating financing options, the Company implemented cost savings measures.

Outstanding Share Data as at the date of this MD&A

Authorized: an unlimited number of common shares without par value.	Common shares issued and outstanding	Share purchase warrants
Outstanding at December 31, 2018	17,631,003	1,189,142
Warrants expiring	-	(1,189,142)
Outstanding at the date of this MD&A	17,631,003	-

1.6 OFF STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

At December 31, 2018, the Company had no off-balance sheet arrangement such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

1.7 TRANSACTIONS WITH RELATED PARTIES

Remuneration of directors and key management personnel of the Company for the three and nine months ended December 31, 2018 and 2017 were as follows:

	For the three months ended December 31,		For the nine months ended December 31,	
	2018	2017	2018	2017
Consulting fees charged by directors of the Company	\$ 2,000	\$ 1,080	\$ 7,520	\$ 6,120
Salaries, fees and benefits	614	7,500	28,614	45,000

Related party balances as at December 31, 2018 and March 31, 2018 were as follows:

	December 31, 2018	March 31, 2018
Amounts due to directors and officers of the Company	\$ 14,700	\$ 42,071
Amounts due to former directors and officers and companies controlled by former directors and officers	-	1,750
Totals	\$ 14,700	\$ 43,821

1.8 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. There have been no significant changes to

First Energy Metals Limited
Management's Discussion & Analysis
For the nine months ended December 31, 2018

the Company's critical accounting estimates for the nine months ended December 31, 2018 from those disclosed in Note 3 of the Financial Report.

1.9 CHANGES IN ACCOUNTING POLICIES

The Company prepares its financial statements using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The accounting policies and methods of application applied by the Company in these financial statements are the same as those applied in the Company's most recent annual financial statements for the year ended March 31, 2018, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective April 1, 2018.

New, Amended and Future IFRS Pronouncements

More detail on these new, amended and future IFRS pronouncements are provided in Note 2(d) the Company's Financial Report.

1.10 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company classifies its cash, amounts receivable (excluding sales tax receivable) and reclamation bonds as loans and receivables. Accounts payable and accrued liabilities, amounts due to related parties, loan payable and share subscription payable are classified as borrowings and other financial liabilities. As of December 31, 2018, the statement of financial position carrying amounts of these financial instruments closely approximate their fair values, except for accounts payable and accrued liabilities, amounts due to related parties where the fair value may be less than carrying amounts due to liquidity risks (Note 1).

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Financial Risk Management

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining a sufficient cash balance. As at December 31, 2018, the Company had cash of \$427,885 to settle current liabilities of \$107,635. Further information relating to liquidity risk is disclosed in Note 1 of the Financial Report.

First Energy Metals Limited
Management's Discussion & Analysis
For the nine months ended December 31, 2018

Interest Rate Risk

The Company has no significant exposure at December 31, 2018 to interest rate risk through its financial instruments.

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. Financial instruments that potentially subject the Company to credit risk consist of cash, short-term investment, reclamation bonds and amounts receivable. The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for losses, represents the maximum exposure to credit risk.

The Company deposits its cash with a high credit quality major Canadian financial institution as determined by ratings agencies. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses. To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. The Company historically has not had difficulty collecting its amounts receivable.

Currency Risk

The Company has no significant exposure at December 31, 2018 to currency risk through its financial instruments.

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. In respect of financial assets, the Company's policy is to invest cash at floating rates of interest in order to maintain liquidity while achieving a satisfactory return. Fluctuations in interest rates impact the amount of return the Company may realize but interest rate risk is not significant to the Company.

There were no transfers from levels or change in the fair value measurements of financial instruments for the nine months ended December 31, 2018 compared to the year ended and March 31, 2018.

Management of capital

The Company primarily considers shareholders' equity in the management of its capital. The Company manages its capital structure and makes adjustments to it based on funds available to the Company, in order to support exploration and development of mineral properties. The Board of Directors has not established quantitative capital structure criteria management but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining sufficient level of funds, to support continued evaluation and maintenance of the Company's existing properties, and to acquire, explore and develop other precious metals, base metals and industrial mineral deposits;
- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk and loss of principal; and
- To obtain the necessary financing if and when it is required.

The properties in which the Company currently holds an interest are in the exploration stage and the Company is dependent on external financing to explore and take the project to development. In order to carry out planned

First Energy Metals Limited
Management's Discussion & Analysis
For the nine months ended December 31, 2018

exploration and development and pay for administrative costs, the Company will spend its existing working capital and attempt to raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In order to facilitate the management of capital and development of its mineral properties, the Company's management informs the Board of Directors as to the quantum of expenditures for review and approval prior to commencement of work. In addition, the Company may issue new equity, incur additional debt, enter into joint venture agreements or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

There were no changes in the Company's approach to capital management during the period ended December 31, 2018 compared to the year ended to March 31, 2018. The Company is not subject to externally imposed capital requirements. Further information relating to the management of capital is disclosed in Note 1.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Only investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment should undertake such investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

The Company's financial condition, results of operations and businesses are subject to certain risks, certain of which are described below (and elsewhere in this MD&A):

Property risk

None of the Company's Canadian projects have reserves or demonstrated economic viability and there is no assurance that an economic or minable deposit will be found. If the Company acquires additional mineral properties, any material adverse development affecting the new mineral properties could also have a material adverse effect on the financial condition and results of operations.

Additional Funding Requirements

The Company is reliant upon additional equity financing in order to continue its business and operations, as it is in the business of mineral exploration and at present does not derive any income from its mineral assets. There is no guarantee that future sources of funding will be available to the Company. If the Company is not able to raise additional equity funding in the future, it will be unable to carry out its business.

Mineral Exploration

Mineral exploration involves a high degree of risk. Few properties that are explored are brought to production. Unusual or unexpected geological formations, formation pressures, structural weaknesses, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. The Company has relied on and will continue to rely on consultants and others for mineral exploration and exploitation expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling. There can be no assurance that the funds required will be obtained on a timely basis or at all. The economics of exploiting mineral reserves and resources

First Energy Metals Limited
Management's Discussion & Analysis
For the nine months ended December 31, 2018

discovered by the Company are affected by many factors, many of which are outside the control of the Company, including the cost of operations, variations in the grade recovered, price fluctuations in the metal markets, costs of processing and other equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. There can be no assurance that the Company's mineral exploration and exploitation activities will be successful.

Commodity Price Volatility

The price of various commodities that the Company is exploring for can fluctuate significantly and is beyond the Company's control. The Company is specifically concerned with the prices of precious and base metals. While the Company would benefit from an increase in the value of precious and base metals, a decrease in the value of precious and base metals and other minerals could also adversely affect it.

Title to Mineral Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed or impugned. Although the Company has investigated its title to the mineral properties for which it holds an option or concessions or mineral leases or licences, there can be no assurance that the Company has valid title to such mineral properties or that its title thereto will not be challenged or impugned. For example, mineral properties sometimes contain claims or transfer histories that examiners cannot verify; and transfers under foreign law often are complex. The Company does not carry title insurance with respect to its mineral properties. A successful claim that the Company does not have title to a mineral property could cause the Company to lose its rights to explore, develop and mine that property, perhaps without compensation for its prior expenditures relating to the property.

Country Risk

The Company could be at risk regarding any political developments in the country in which it operates.

Uninsurable Risks

Mineral exploration activities involve numerous risks, including unexpected or unusual geological operating conditions, formation weaknesses, hydrogeological conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could negatively affect the Company's profitability and financial position and the value of its common shares.

Environmental Regulation and Liability

The Company's activities are subject to laws and regulations controlling not only mineral exploration and exploitation activities but also the possible effects of such activities upon the environment. Environmental legislation may change and make mining uneconomic or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions and a breach of environmental legislation may result in the imposition of fines and penalties or the suspension or closure of operations. In addition, certain types of operations require the submission of environmental impact statements and approval thereof by government authorities. Environmental legislation is evolving in a manner that may mean 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 directors, officers and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploitation activities, including closure and reclamation. Future environmental legislation could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits,

First Energy Metals Limited
Management's Discussion & Analysis
For the nine months ended December 31, 2018

including the approval of closure and reclamation plans, the Company must comply with standards and laws and regulations that may entail costs and delays, depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The Company does not maintain environmental liability insurance.

Regulations and Permits

The Company's activities are subject to a wide variety of laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, protection of historic and archaeological sites, mine development and protection of endangered and protected species and other matters. The Company is required to have a wide variety of permits from governmental and regulatory authorities to carry out its activities. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Company's permits that could have a significant adverse impact on the Company's existing or future operations or projects. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Company will be able to obtain the necessary permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Potential Dilution

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional options and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

1.15 OTHER MD&A INFORMATION

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The components of exploration costs are described in Note 5 to the Financial Report.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the 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 consolidated financial statements, and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

There was no change in the Company's internal controls over financial reporting ("ICFR") that occurred during the period ended December 31, 2018, and which materially affected, or is reasonably likely to materially affect, the Company's ICFR.

APPROVAL

The Board of Directors of First Energy has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and can be located, along with additional information, on the SEDAR website at www.sedar.com.

First Energy Metals Limited
Management's Discussion & Analysis
For the nine months ended December 31, 2018

FORWARD LOOKING STATEMENTS

Certain statements in this MD&A, other than statements of historical fact, constitute "forward-looking information" within the meaning of Canadian securities legislation, and the United States Private Securities Litigation Reform Act of 1995. "Forward-looking information" includes, but is not limited to, statements with respect to potential mineralization and geological merits of the Company's exploration projects the Company's future plans, exploration and drilling programs, objectives, business strategy, budgets, projected costs, financial results, expected cash runway and liquidity, and requirements for additional capital. In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects", "contemplates", "budget", "possible", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes", or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information is based on assumptions regarding future events and other matters and involves 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 expressed or implied by the forward-looking information. Assumptions on which forward-looking information in this MD&A is based include the assumption that strategic alternatives are available to the Company, the assumption the Company will continue as a going concern and will continue to be able to access the capital required to advance its projects and continue operations. Risks and uncertainties include, among others: inherent risks involved in the exploration and development of mineral properties; uncertainties involved in interpreting drill results and other exploration data; potential for delays in exploration activities; geology, grade and continuity of mineral deposits; possibility that future exploration results may not be consistent with the Company's current expectations; reduction in future prices of precious metals; currency fluctuations; accidents, labor disputes and other risks associated with the mining industry; delays in obtaining governmental approvals; uncertainties relating to the availability and costs of financing required in the future; events adversely affecting the cash resources and estimated cash availability; and competition and loss of key employees. Other risks and uncertainties are discussed throughout this MD&A and, in particular, in the section below entitled "Risks and Uncertainties".

In making the statements in this MD&A containing forward-looking information, the Company has applied several material assumptions, including but not limited to, assumptions regarding the ability of the Company to obtain, on reasonable terms, the necessary financing to complete the exploration and development of its property interests, as well as the future profitable production or proceeds from the disposition of the Company's exploration and evaluation assets.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

The Company disclaims any intention or obligation to update or revise the forward-looking information in this MD&A, whether as a result of new information, events or otherwise, except as required by applicable securities legislation. Accordingly, readers are cautioned not to put undue reliance on forward-looking information.