



FIRST ENERGY METALS LIMITED

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED MARCH 31, 2021

First Energy Metals Limited
Management's Discussion & Analysis
Year ended March 31, 2021

1.0 INTRODUCTION

The following is Management's Discussion and Analysis ("MD&A") of the financial and operational results of First Energy Metals Limited. ("First Energy" or the "Company") for the year ended March 31, 2021 and up to the date of the MD&A and should be read in conjunction with the annual audited financial statements of the Company for the years ended March 31, 2021, 2020 and 2019 and the related notes thereto, (the "Financial Report"). All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

First Energy was incorporated on October 12, 1966 pursuant to the Business Corporations Act of British Columbia. The Company maintains its corporate office at Suite 2421 – 1055 West Georgia Street, Vancouver, BC, V6E 3P3. First Energy's registered office is 25th Floor-700 West Georgia Street, Vancouver, BC, V7Y 1B3.

The Company's common shares trade on the Canadian Securities Exchange (FE), the OTCBB Exchange (FEMFF) and the Frankfurt Exchange (A2JC89).

Unless indicated otherwise, all financial data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

In March 2020, the World Health Organization declared coronavirus COVID-19, a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. To date, the Company has not experienced any significant impact to its business, results of operations, financial position and cash flows as result of the pandemic. However, it is not possible for the Company to predict the duration or magnitude of the adverse results of the pandemic and its impact on the Company's future business or results of operations.

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

This MD&A contains information to July 27, 2021.

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 FISCAL 2021 HIGHLIGHT SUMMARY

The Company's significant events and highlights for the year ended March 31, 2021 and to the date of this MD&A are as follows:

- On June 2, 2020, announced it had entered into an option agreement to acquire a 100% interest in the Scramble Mine Gold Property, located in the Kenora Mining District in northwestern Ontario, Canada;
- On August 11, 2020 entered into an option purchase agreement with to acquire 100% interest in the Bald Eagle property, a silver and gold exploration property located in the Alberni Mining Division of British Columbia, Canada;
- On September 14, 2020, entered into an option agreement to acquire a gold exploration property located in the Red Lake Mining District, northwestern Ontario, Canada;
- On September 18, 2020, entered into an option agreement to acquire Shaw Gold Property located in

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Timmins Area Ontario, Canada;

- On October 2, 2020, entered into an option agreement to acquire the Titan Gold exploration property located near Detour Lake Mine in the Abitibi Greenstone Belt, Quebec;
- On December 31, 2020, closed a non-brokered private placement for aggregate gross proceeds of \$600,000;
- On January 18, 2021, entered into an option agreement to acquire the Augustus Lithium exploration property located in Landrienne & Lacorne-Townships, Quebec, Canada;
- On February 3, 2021, entered into an option agreement to acquire the Canadian Lithium Property located in Landrienne & Lacorne-Townships, Quebec, Canada;
- On March 4, 2021, closed a non-brokered private placement for aggregate gross proceeds of \$1,550,000;
- On March 12, 2021, entered into a purchase agreement to acquire the Abitibi Lithium Property located in the Abitibi area of western Quebec, Canada;
- On June 3, 2021, closed a non-brokered private placement for aggregate gross proceeds of \$1,000,000;
- On June 09, 2021, entered into an option agreement to acquire McNeely Lithium Property located in LaCorne, Landrienne and Figuery Townships, Province of Quebec, Canada.

1.2 OVERVIEW OF PROJECTS

1.2.1 Kokanee Creek Gold Property and Independence Gold Property, British Columbia

The Kokanee Creek Gold Property consists of three mineral claims covering approximately 1,590 hectares area in the Nelson Mining Division, British Columbia, Canada. It is located 18 km to the east of Nelson. The property is part of a very active mining area with several historical and current gold, silver and base metals deposits located in the region. Nelson is a historical mining town dating back to the discovery of Toad Mountain Silver deposit in 1886. The Blue Bell Mine, located near the town of Riondel approximately 20 km NE of the Kokanee Creek Claims, is a manteau-type base metal deposit hosted by the Badshot limestones of the Lardeau Group. Closer to the Kokanee Claims are historical past producers the Molly Gibson and the Alpine.

The Independence Gold Property consists of two mineral claims (Independence 1 and 2) covering approximately 1,099.43 hectares land in southeastern British Columbia, Canada. It is road accessible, located 20 to 29 kilometres to the southeast of Nakusp, British Columbia, Canada, on the eastern slope of Silver Mountain. The most common type of deposit in the Nakusp area is the lead-zinc-silver-gold bearing quartz veins in graphitic shear zones.

In March 2020, the Company entered in an option agreement to acquire 100% interest in the Kokanee Creek Gold Property and Independence Gold Property by completing the following: issuing \$125,000 in cash option payments, the issuance of 5,000,000 common shares of the Company as well completing \$250,000 in cumulative exploration expenditures on the properties by March 2022. The properties are also subject to a 3.0% Net Smelter Return ("NSR") royalty.

The Company completed exploration work in July 2020 at its Kokanee Creek Gold Property. The exploration work included prospecting to locate historical mineralization areas, carry out surface sampling, and mapping of veins and geological structures. A total of 27 grab rock samples were collected from various outcrops and mineralized areas mentioned in the historical exploration work reports. The results indicate anomalous values of silver, cobalt, tungsten, and zinc. The Company wants to caution that grab samples are selected samples and are not necessarily representative of the mineralization hosted on the property.

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Highlights of Fiscal 2021 exploration:

- Silver (Ag) values are in the range of 0.19 grams per tonne (g/t) to 43.69 g/t with average of 27 samples is 7.95 g/t, while seven samples are over 10 g/t, and two samples are 43.69 g/t;
- Gold (Au) values are 0.006 g/t to 0.211 g/t with average 0.054 g/t;
- Zinc is from 29.3 parts per million (ppm) to over 10,000 ppm (>1% Zn), where three samples are over the laboratory's method detection limits of 10,000 ppm;
- Cobalt (Co) is from one ppm to over 2,000 ppm (>0.2%) where one sample is over the laboratory's method detection limits of 2,000 ppm;
- Tungsten (W) is from less than 0.1 ppm to over 100 ppm (>100ppm) where one sample is over the laboratory's method detection limits of 100 ppm.

During the year ended March 31, 2021, the Company announced it would not be pursuing any further exploration work on the Independence Gold property following assay results from its July 2020 exploration work on the property which indicated low values of gold, silver, and base metals; as a result has written-off all deferred costs incurred to date.

1.2.2 Scramble Mine Gold Property, Ontario

The Scramble Mine Gold Property is comprised of six mining claims covering approximately 140 hectares land, located in Jaffray Township, Kenora Mining District, approximately 8 kilometres east of the town of Kenora in Northwestern Ontario.

In June, 2020, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims (the "Scramble Mine Gold Property") located in the Kenora Mining District in northwestern Ontario, Canada.

Under the terms of the Scramble Mine Option Agreement, the Company has the option to acquire 100% interest in the Scramble Mine Gold Property by completing the following: issuing \$100,000 in cash option payments, the issuance of 1,000,000 common shares of the Company as well completing \$250,000 in cumulative exploration expenditures on the property by June 2023. The property is also subject to a 3.0% NSR.

Highlights of Fiscal 2021 Phase 1 and Phase 2 exploration programs:

- Average value of gold in grab samples from the Phase 2 samples was 29.34 grams per tonne (1.03 ounces per tonne);
- Phase 2 gold assays ranged from 5.03 grams per tonne (0.18 oz/t) to 82.30 (2.90 oz /t) with two samples assaying over 2 oz/t, with all samples assaying over 5 grams per tonne gold;
- Phase 1 exploration intersected 2 meters of average 4.69 grams per ton (g/t) gold (Au) in channel samples (Samples #294304 and 294305), with one-meter channel sample (#294304) assayed 3.24 g/t gold and 5.93 g/t silver, and second one-meter channel sample (#294305) assayed 6.15 g/t gold;
- Phase 1 average of four-meter-thick channel sampling across quartz vein material is 2 g/t gold;
- The Phase 1 channel samples were collected 320m along strike from the historic shaft of the Scramble mine indicating continuity reports and data.

The Company wants to caution that grab samples from the Phase 2 work are selected samples and are not necessarily representative of the mineralization hosted on the property.

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1.2.3 Phyllis Cobalt Property, Ontario

The Phyllis Cobalt Property (the "Phyllis Property") is located in the Kenora Mining District of Ontario, Canada. The property consists of 112 mineral claim units totalling 1,792 hectares in Grummett and Cathcart townships. The property has year-round access 192km northwest of Thunder Bay, Ontario via Hwy 17 and 9km south on a gravel forestry road.

The Phyllis Property claim block occupies the central portion of an ENE-WSW trending greenstone belt, consisting of Mesoarchean to Neoproterozoic age mafic to ultramafic rocks. These are bound by granite of varying composition - ranging from tonalite to biotite-granodiorite (Atikokan-Lakehead Sheet Map 2065). 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.

The Company entered into the Phyllis Cobalt Option Agreement to acquire a 100% interest in the Phyllis Property on January 29, 2018, which was amended on January 29, 2019, March 15, 2019 and again on December 31, 2019.

Under the terms of the Phyllis Amendment Agreement, the Company has the option to acquire a 100% interest in the Phyllis Property by completing the following: issuing \$140,000 in option payments, issuance of 600,000 common shares of the Company and completing \$125,000 in exploration expenditures by March 2021. The Phyllis Property is subject to a royalty equal to 3% NSR royalty upon commencement of commercial production. The Company will have the option to reduce the NSR to 2.0% by paying \$1,000,000.

The Company is currently in default of certain cash payments and share issuances under the Phyllis Amendment Agreement, while the Company and the Optionor are in active negotiations for an amendment agreement.

1.2.4 Bald Eagle Silver Property, British Columbia

The Bald Eagle Silver Property consists of three mining claims covering approximately a 1,014-hectare area in Alberni Mining Division, British Columbia, Canada is located 30 km to the northeast of Ucluelet and approximately 57km by road west of Port Alberni on the west coast of Vancouver Island.

The Company entered into a Bald Eagle Silver purchase agreement to acquire a 100% in the Bald Eagle Property on August 10, 2020 which was amended on February 28, 2021. Under the terms of the amended purchase agreement, the Company will acquire a 100% interest in the Bald Eagle Silver Property, by way of issuing 550,000 common shares of the Company on or before December 31, 2021, for which the Company issued the shares to the vendor on April 20, 2021. The optionor will retain a 2% NSR.

1.2.5 Titan Gold Property, Quebec

The Titan Gold property is comprised of 80 mining claims covering approximately 11,000 acres land in the "municipalité régionale de comté" "regional county municipal" ("MRC") of Jamesie in Quebec.

On October 2, 2020, the Company has entered into an option agreement to acquire the Titan Gold exploration property located near Detour Lake Mine in the Abitibi Greenstone Belt, Quebec. Pursuant to a property purchase between the Optionor and the Company, the Company holds an option to acquire a 100% interest in the Titan Gold Property by paying cash payments of \$98,500 and the issuance of 600,000 common shares over a 3-year period.

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1.2.6 Shaw Gold Property, Ontario

The Shaw Gold Property gold property is comprised of 18 single or multi-cell claims covering approximately 693 hectares located in Shaw, Eldorado, and Whitney Townships, near Timmins Ontario. The property is located just 7km southeast of Newmont's Dome Open pit and 5km south of the Destor-Porcupine Deformation Zone.

On September 18, 2020, the Company entered into an option agreement to acquire Shaw Gold Property located in Timmins Area Ontario, Canada. Pursuant to the option agreement, the Company holds an option to acquire a 100% interest in the Shaw Property by paying cash payments of \$96,000 and the issuance of 600,000 common shares over a 3-year period.

1.2.7 Red Lake Gold Property, Ontario

The Red Lake Gold Property is located in the Red Lake Mining District, Northwestern Ontario, Canada. The Red Lake property is comprised of 94 mining cell claims covering approximately 1,880 hectares land in Ball and Todd townships. Geologically, the area is underlain by the Red Lake greenstone belt of Ontario, an accumulation of Archean-age metavolcanic, metasedimentary, and intrusive rocks comprising a portion of the Uchi Sub-province of the Superior Province of the Canadian Shield.

The Red Lake Gold Property is located in the prolific Red Lake gold mining camp which is one of the largest gold camps in North America with a 457 square kilometres land package famous for its high-grade gold deposits with historical production exceeding 30 million ounces of gold, mostly from the iconic Campbell and Red Lake gold mines and ten smaller mines.

Pursuant to the September 14, 2020, Red Lake Property Option Agreement, which was amended on February 28, 2021, the Company has the option to acquire a 100% interest in the Red Lake Property by completing making \$60,000 in option payments, issuance of 2,750,000 common share and completing \$250,000 of exploration expenditures.

1.2.8 Augustus Lithium Property, Quebec

The Augustus Lithium Property is located in Landrienne & Lacorne-Townships, Quebec, Canada. The Augustus Lithium property is comprised of 21 mineral claims covering over 937 hectares located in the Abitibi area of western Quebec.

The Augustus Property is a part of the Preissac–Lacorne pegmatite fields where spodumene bearing lithium pegmatites were discovered in 1940s'. The geology and the mineralization of the Augustus property are similar to the geology and mineralization of the Quebec Lithium Mine located approximately 6 kilometers to the southeast of the property. It has excellent infrastructure support with road network, railway, electricity, water, and trained manpower available locally. Geologically the Preissac-Lacorne area lies within a belt of volcanic and sedimentary rocks intruded to the north by LaMotte batholiths and to the south by the Preissac batholiths and Moly Hill pluton.

There are several historical and currently active lithium and molybdenum prospects/mines located approximately 3 km to 20 km from the property. Some of the important prospects/mines are: Mine Quebec Lithium which was formerly owned by RB Energy, Authier Lithium owned by Sayona Mining of Australia, Valor Lithium, Duval Lithium, Lacorne Lithium, International Lithium, Vallee Lithium, and Moly Hill Mine. All these projects / prospects are at various stages of exploration and development, out of which Mine Quebec Lithium is the most advanced project followed by Authier lithium project.

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Highlights of Fiscal 2021 drill results:

- Drill hole LC21-12 intersected a 10-meter-wide zone with 1.11 percent (%) lithium oxide (Li₂O) at 110 metres (m) depth. There are anomalous values of other rare metals as well including average values of niobium (Nb) 99.78 parts per million (ppm), rubidium (Rb) 1,609.7 ppm, tantalum (Ta) 65.16 ppm, beryllium (Be) 200.7 ppm, cesium (Cs) 60.55 ppm. Average value of iron (Fe) is 0.494%;
- Drill hole LC21-16 intersected a 19-meter-wide zone with 1.17 percent (%) lithium oxide (Li₂O) at 126 metres (m) drilled depth.

The Company entered into an option agreement to acquire a 100% interest in the Augustus Lithium property on January 18, 2021. Pursuant the option agreement, the Company holds the option to acquire a 100% interest in the property by completing the following: make \$180,000 in cash option payments, the issuance of 2,000,000 common shares of the Company and the completion of \$550,000 in cumulative exploration expenditures on the property by January 2024. The property is also subject to a 2.0% NSR.

1.2.9 Canadian Lithium Property, Quebec

The Canadian Lithium property is comprised of 12 mineral claims covering over 671 hectares located in the Landrienne and La Corne Township areas approximately 40 kilometres northwest of the town of Val d'Or, Quebec.

The Canadian Lithium Property is a worked deposit located in Range 1 lot 25-26 in the Landrienne Township at G.P.S 284861 E - 5368288 N. The main outcrop was discovered in 1948 near the boundary line separating the Landrienne and La Corne Townships. A group of parallel pegmatite dykes associated with Lacorne Batholith contains aggregates of spodumene, lepidolite, quartz and feldspar accompanied by traces of beryl, clevelandite, colombo-tantalite. Historical drilling in 1955 on claim CDC-2196058 documented on the Quebec Ministry of Energy and Natural Resources (MERN) database indicate a total of 12 drill holes with a cumulative drilling 1,454 metres indicating extension of Canadian Lithium deposit to the west on this newly acquired claim. Additionally, fourteen historical drill holes documented on the Canadian Lithium Property located on the adjoining Augustus claim have already been reported in the Company's news release dated February 02, 2021.

Highlights of exploration work:

- April 27, 2021 announced assay results of channel samples at the Beluga Pegmatite of the Canadian Lithium Prospect cut a 32-meter-wide section with an average of 0.74% Li₂O which includes 14 meters of spodumene pegmatite with 1.61 percent lithium oxide;
- May 4, 2021 announced assay results of the "Channel 21-2E" samples at the Beluga Pegmatite of the Canadian Lithium Prospect cut a 31-meter-wide section with an average of 0.37% lithium oxide which includes 4 meters of spodumene pegmatite at 1.20 percent Li₂O;
- June 15, 2021 announced assay results of the north extension of the "Channel 21-2E" samples at the Beluga Pegmatite of the Canadian Lithium Prospect cut an 8-meter-wide section with an average of 1.44% lithium oxide (Li₂O);
- Drill hole LC21-003 intersected a six-meter-wide zone with 0.62 percent (%) lithium oxide (Li₂O) at 45 metres (m) depth including a two metres wide intersection with 1.35% Li₂O at 48 m depth. A second two-meter-wide pegmatite intersection assayed 0.63% Li₂O at 73 m depth.

The Company entered into an option agreement to acquire a 100% interest in the Canadian Lithium Property on February 3, 2021. Pursuant the option agreement, the Company holds the option to acquire a 100% interest in the property by completing the following: make \$60,000 in cash option payments, the issuance

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of 875,000 common shares of the Company by February 2023. The property is also subject to a 2.0% Net Smelter Return royalty.

1.2.10 Abitibi Lithium Property, Quebec

The Abitibi Lithium property is comprised of 242 mineral claims covering over 12,769 hectares located in the Abitibi area of western Quebec, approximately 40 kilometres northwest of the town of Val d'Or, Quebec. The Abitibi Lithium Property claims are spread in several claim blocks of which some of the claims are located adjacent to the Augustus Lithium Property claims.

The Company entered into a purchase agreement to acquire a 100% interest in the Abitibi Lithium Property on March 12, 2021. Under the terms of the Abitibi Agreement, the Company will acquire a 100% interest in the Abitibi Lithium Property by way of issuing 4,100,000 common shares of the Company and by paying \$250,000, which were issued and paid as of April 30, 2021. The Abitibi Lithium Property is subject to a 3% NSR.

1.2.11 McNeely Lithium Property, Quebec

The McNeely Lithium Property is comprised of 66 mining claims covering a total area of 2,276.49 hectares located in LaCorne, Landrienne and Figuery Townships, Province of Quebec, Canada. These claims are spread out in several claim blocks along the Quebec Lithium Mine horizon. Some of the claims are located adjacent to the Augustus Lithium Property claims.

The Company entered into a purchase agreement to acquire a 100% interest in the McNeely Lithium Property on June 7, 2021. Under the terms of the McNeely Agreement, the Company will acquire a 100% interest in the McNeely Lithium Property by way of issuing 2,000,000 common shares of the Company and by paying \$250,000, which were issued and paid as of June 30, 2021. The McNeely Lithium Property is subject to a 3% NSR.

Qualified Person

Technical data pertaining to the properties above was reviewed and approved by Afzaal Pirzada, P.Geo., who is First Energy's qualified person under National Instrument 43-101.

1.3 SELECTED ANNUAL FINANCIAL INFORMATION

The following table presents audited selected financial information for the last three audited fiscal years:

	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
	\$	\$	\$
Revenue	-	-	-
Net loss	(2,459,6611)	(447,629)	(673,097)
Net loss per share	(0.07)	(0.03)	(0.05)
Total assets	3,179,695	372,279	326,859
Long term liabilities	-	-	-
Dividends	-	-	-

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1.4 DISCUSSION OF OPERATIONS

Year ended March 31, 2021 compared to year ended March 31, 2020

The net loss and comprehensive loss for the year ended March 31, 2021 (the "Current Year") was \$2,459,661 compared to a net loss for the year ended March 31, 2020 (the "Comparative Year") of \$447,629. The increase in net loss of \$2,012,032 was primarily due to the following:

- Consulting fees were \$353,751 in the Current Year, an increase of \$80,251 over the Comparative Year. The increase for the Current Year was primarily the result of corporate advisory and development fees incurred;
- Exploration and evaluation expenditures were \$246,101 in the Current Year, an increase of \$243,073 over the Comparative Year. The increase is due to several exploration programs conducted during the Current Year on its lithium and gold prospects;
- Professional fees were \$60,370 in the Current Year, an increase of \$20,119 over the Comparative Year. The increase was primarily due to legal fees associated with the increase in the Company's activities during the Current Year;
- Salaries, fees and benefits were \$146,500 in the Current Year, an increase of \$76,500 over the Comparative Year. The increase in compensation is due primarily to the increase in the Company's operating activities;
- Shareholder communications increased by \$465,237 from \$21,799 in the Comparative Year to \$487,036 in the Current Year. The increase is primarily due to multiple shareholder and investor programs initiated during the Current Year. In Fiscal 2021, the Company initiated shareholder communication programs focused on increasing market and investor awareness of the Company by engaging several groups to assist in growing the Company's online and digital media presence throughout North America and European markets. Additionally, the Company's incurred costs associated with the initial listing of the Company on the OTCQB as well as on their ongoing filing fees. The normal course of business expenses such as transfer agent fees, website maintenance and news release costs were also higher due to the increase in the Company's activities in the Current Year;
- Share-based compensation was \$990,321 in the Current Year, while the Comparative Year had \$Nil expense. The increase in expense was the estimated fair value of the stock options granted to director, officers and consultants during the Current Year;
- Write-down of exploration and evaluation assets was \$163,375 for the Current Year (Comparative Year - \$27,000) was due to the Company's write down all the deferred costs of the Independence Gold Property as it will not be pursuing any further exploration work on the property.

Three months ended March 31, 2021 compared to three months ended March 31, 2020

The net loss and comprehensive loss for the three months ended March 31, 2021, was \$1,647,495 as compared to the net loss and comprehensive loss for the three months ended March 31, 2020, of \$251,571. The increase in net loss of \$1,395,924 for the current period over the comparative period was primarily due to the same factors mentioned in the Current Year and Comparative Year discussion above.

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1.5 SUMMARY OF QUARTERLY RESULTS

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

	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Net revenues	\$ -	\$ -	\$ -	\$ -
Net loss	(\$1,647,495)	(\$306,601)	(\$312,483)	(\$193,082)
Per share	(\$0.04)	(\$0.01)	(\$0.01)	(\$0.01)
	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Net revenues	\$ -	\$ -	\$ -	\$ -
Net loss	(\$251,571)	(\$32,668)	(\$22,448)	(\$140,942)
Per share	(\$0.02)	(\$0.00)	(\$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 share-based compensation as well as fluctuations in general administrative and shareholder communications expenses.

1.6 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.

First Energy began the year ended March 31, 2021, with \$223,239 in cash. During the year ended March 31, 2021, the Company expended \$1,193,289 on operating activities, net of working capital changes, expended \$220,171 on investing activities through the issuance of purchase and option payments for exploration and evaluation assets and generated \$3,348,909 from financing activities which was attributable to proceeds from share issuances, net of share issue costs, to end at March 31, 2021 with \$2,158,688 in cash.

During the year ended March 31, 2021, 6,466,667 share purchase warrants were exercised, at an average exercise price of \$0.17, for the issuance of 6,466,667 common shares for aggregate proceeds of \$1,080,000. Fair value of the warrants exercised was \$228,317.

On December 31, 2020, the Company closed the first tranche of a non-brokered private placement, consisting of 1,000,000 Flow-Through Units (“FT Units”) for gross proceeds of \$250,000. Each FT Unit consists of one flow-through common share at a price of \$0.25 per FT share and one non-flow-through common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.40 for a period of three years from the issue date. The Company recognized a liability for flow-through shares of \$50,000. The share purchase warrants were valued using the Black-Scholes pricing model with the following assumptions: weighted average risk-free interest rate of 0.25%, volatility factor of 258.9% and an expected life of three years;

On January 27, 2021, the Company closed the second and final tranche of balance a non-brokered private placement, consisting of 400,000 Flow-Through Units (“FT Units”) and 1,250,000 non-flow through units

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("NFT Units") for gross proceeds of \$350,000. Each FT Unit consists of one flow-through common share at a price of \$0.25 per FT share and one non-flow-through common share purchase warrant. Each NFT Unit consists of one common share and one common share purchase warrant at a price of \$0.20 per NFT Unit. Each warrant entitles the holder to purchase one common share at a price of \$0.40 for a period of three years from the issue date. The Company recognized a liability for flow-through shares of \$20,000. The share purchase warrants were valued using the Black-Scholes pricing model with the following assumptions: weighted average risk-free interest rate of 0.19%, volatility factor of 257.38% and an expected life of three years. The Company also paid finder's fees of \$19,974 cash and issued 70,000 finder options fair valued at \$9,474 using the Black-Scholes pricing model as above.

On March 4, 2021, the Company closed a non-brokered private placement, consisting of 4,000,000 Flow-Through Units ("FT Units") and 2,950,000 non-flow through units ("NFT Units") for gross proceeds of \$1,550,000. Each FT Unit consists of one flow-through common share at a price of \$0.24 per FT share and one non-flow-through common share purchase warrant. Each NFT Unit consists of one common share and one common share purchase warrant at a price of \$0.20 per NFT Unit. Each warrant entitles the holder to purchase one common share at a price of \$0.40 for a period of two years from the issue date. The Company recognized a liability for flow-through shares of \$160,000. The share purchase warrants were valued using the Black-Scholes pricing model with the following assumptions: weighted average risk-free interest rate of 0.22%, volatility factor of 243.36% and an expected life of two years. The Company also paid finder's fees consisting of \$107,957 cash, issued 51,500 finder warrants fair valued at \$16,140 using the Black-Scholes pricing model as above and issuing 198,161 finder units fair valued at \$79,264 using the Black-Scholes pricing model as above.

On June 3, 2021 the Company closed a non-brokered private placement for aggregate gross proceeds of \$1,000,000 through the issuance 2,003,376 flow-through units ("FT Units") at \$0.385 per FT Unit for proceeds of \$771,299.76 and 682,687 Unit at \$0.335 per Unit for proceeds of \$228,700.24. Each flow-through unit consists of one common share and one-half of one common share purchase warrant. Each whole flow through warrant entitles the holder to purchase one common share at a price of \$0.45 for a period of two years from the issue date. Each hard-dollar unit consists of one common share and one common share purchase warrant. Each hard-dollar warrant entitles the holder to purchase one common share at a price of \$0.40 for a period of two years from the issue date.

At March 31, 2021, First Energy had working capital of \$1,578,243 compared to working capital of \$4,299 at March 31, 2020. As at March 31, 2021, the amount of flow-through proceeds remaining in cash to be expended is approximately \$1,300,000 (March 31, 2020 - \$100,000).

Management estimates that these funds will not be sufficient to provide the Company with the financial resources to carry out currently planned exploration and operations through the next twelve months. Therefore, the Company will need to seek additional sources of financing to meet all exploration expenditures for its property commitments as well its ongoing operations. While the Company was successful in obtaining its most recent financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

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

	Common shares		
Authorized: an unlimited number of common shares without par value.	issued and outstanding	Share purchase warrants	Stock options
Outstanding at March 31, 2021	49,522,670	10,095,661	3,940,000
Shares issued for exploration and evaluation assets	6,650,000	-	-
Exercise of warrants	232,000	(232,000)	-
Grant of stock options	-	-	850,000
Common shares and share purchase warrants issued pursuant to private placement	2,884,224	1,882,536	-
Outstanding at the date of this MD&A	59,288,894	11,746,197	4,790,000

1.7 OFF STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

At March 31, 2021, 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.

1.8 TRANSACTIONS WITH RELATED PARTIES

Remuneration of directors and key management personnel of the Company was as follows for the year ended March 31, 2021, 2020, and 2019:

	For the years ended March 31,		
	2021	2020	2019
Consulting fees charged by directors of the Company \$	13,500	\$ 1,000	\$ 21,020
Salaries, fees and benefits	148,000	70,000	39,000
Share-based payments	292,472	-	-

Related party balances as at March 31, 2021 and 2020 were as follows:

	March 31,		March 31,	
	2021		2020	
Amounts due to Directors and Officers of the Company \$	71,665	\$	42,016	
Amounts due to former directors and officers and companies controlled by former directors and officers	18,700		8,700	
Totals	\$ 90,365	\$	50,716	

1.9 FOURTH QUARTER

First Energy began the fourth quarter ended March 31, 2021, with \$257,119 in cash. During the three months ended March 31, 2021, the Company expended \$340,119 on operating activities, net of working capital changes, expended \$152,171 investing activities through option payments for exploration and evaluation assets and generated \$2,393,859 from financing activities which was attributable to proceeds from share issuances, net of share issue costs, to end at March 31, 2021 with \$2,158,688 in cash.

1.10 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

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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 the Company's critical accounting estimates for the year ended March 31, 2021 from those disclosed in Note 3 of the Financial Report.

1.11 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, 2021, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective April 1, 2021.

New, Amended and Future IFRS Pronouncements

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

1.12 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Fair Value

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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).

The following provides the valuation method of the Company's financial instruments as at March 31, 2021 and 2020:

	Level	As at March 31,			
		2020		2019	
Cash	1	\$	2,158,688	\$	223,239
Reclamation deposits	1	\$	11,000	\$	11,000
Financial liabilities	1	\$	474,327	\$	225,980

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 March 31, 2021, the Company had cash of \$2,158,688 to settle current

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liabilities of \$474,327. Further information relating to liquidity risk is disclosed in Note 1 of the Company's Financial Report.

Interest Rate Risk

The Company has no significant exposure at March 31, 2021 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 March 31, 2021 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 years ended March 31, 2021 and 2020.

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 The properties in which the Company currently holds an interest are in the exploration stage and the Company

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is dependent on external financing to explore and take the project to development. In order to carry out planned 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 year ended March 31, 2021, compared to the year ended to March 31, 2020. The Company is not subject to externally imposed capital requirements. Further information relating to management of capital is disclosed in Note 1 of the Financial Report.

1.13 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

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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 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

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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, 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.

1.14 OTHER MD&A INFORMATION

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The components of exploration costs are described in Note 5 of 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 year ended March 31, 2021, and which materially affected, or is reasonably likely to materially affect, the Company's ICFR.

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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.

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.