FE BATTERY METALS CORP

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED MARCH 31, 2023

1.0 INTRODUCTION

The following is Management's Discussion and Analysis ("MD&A") of the financial and operational results of FE Battery Metals Corp. ("FE Battery" or the "Company") for the year ended March 31, 2023 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, 2023, 2022, and 2021 and the related notes thereto, (the "Financial Report"). All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

FE Battery Metals Corp. ("FE Battery" or the "Company"), formerly known as First Energy Metals Limited, was incorporated on October 12, 1966 in the Province of British Columbia under the Business Corporations Act of British Columbia, and its principal business activity is the exploration of mineral properties in Canada.

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

On October 25, 2022, First Energy Metals Limited changed its name to FE Battery Metals Corp.

On November 1, 2022, the Company completed a share consolidation of its capital on the basis of 3.8 existing common shares for 1 new common share post consolidation. All common shares, per common share amounts, warrants and stock options in these financial statements have been retroactively restated to reflect the share consolidation.

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").

FE Battery 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 28, 2023.

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

1.1 FISCAL 2023 HIGHLIGHT SUMMARY

The Company's significant events and highlights for the year ended March 31, 2023 and to the date of this MD&A are as follows:

- On May 2, 2022, the Company closed a non-brokered private placement, consisting of 907,519 flow-through units ("FT Units") priced at $0.931 per FT Unit and 723,684 non-flow through units ("NFT Units") priced at $0.76 per NFT Unit for aggregate gross proceeds of $1,394,900;
- On October 21, 2022, the Company completed its option agreement commitments to acquire 100% interest in its Falcon Lake Property;
- On November 8, 2022, the Company completed its option agreement commitments to acquire 100% interest in its Electron Lithium Property;

- On November 14, 2022, the Company entered into a joint venture agreement with Infini Resources Pty Ltd. on the Electron Lithium Property;
- On November 15, 2022, the Company closed a non-brokered private placement for aggregate gross proceeds of $1,500,000 by issuing 6,666,667 common shares at a price of $0.225 per share;
- On December 14, 2022, the Company closed a non-brokered private placement of 3,707,500 flow-through ("FT") shares for gross proceeds of $2,225,475 by issuing 2,040,000 Quebec FT shares at price of $0.625 per share; and 1,667,500 National FT shares at a price of $ 0.57 per share;
- On February 24, 2023, the Company completed its option agreement commitments to acquire 100% interest in its North Spirit Property;
- On March 27, 2023, the Company has closed a non-brokered private placement for aggregate gross proceeds of $1,500,000 by issuing 3,000,000 common shares at a price of $0.50 per share.
- In April 2023, the Company completed its option agreement commitments to acquire 100% interest in its Rose West Lithium Property;
- On January 27, 2023, the Company executed a joint venture agreement with Battery Age Minerals Limited on the Falcon Lake Property;
- On February 6, 2023 the Company completed its option agreement commitments to acquire 100% interest in its Canadian Lithium Property;
- On May 31, 2023, the Company closed the first tranche of its May 26, 2023 announced private placement, for gross proceeds of $700,000, by issuing 573,770 flow-through shares priced at $0.61 per FT share and 538,461 national flow-through shares ("NFT share") priced at $0.65 per NFT share; and
- On June 9, 2023, the Company closed the second and final tranche of its May 26, 2023 announced private placement, for gross proceeds of $520,000, by way of issuing 800,000 NFT shares priced at $0.65 per NFT share.

1.2 OVERVIEW OF PROJECTS

1.2.1 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 900 hectares located in the Abitibi area of western Quebec.

As of November 7, 2022, the Company had completed the required option payments, common share issuances and exploration expenditures to acquire 100% interest of the Augustus Lithium property. The property is also subject to a 2.0% NSR.

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.

On February 9, 2023, the Company announced it will be initiating a fully funded drill program commencing mid-February at its Augustus Lithium Property in Quebec, Canada. The Company entered into a drilling contract to drill up to 3,000 metres NQ size core drilling at its Augustus Lithium Property in Quebec, Canada, with the option for additional drilling. The new drill program is based on the Company's exploration work programs of 2022 and 2021, where it has completed 41 drill holes with approximately 8,000 metres of diamond drilling. The Company's exploration work successfully confirmed historically reported spodumene bearing lithium pegmatites on the Augustus and Canadian Lithium prospects on the Property. The current exploration work will be focused on expanding the footprint of lithium mineralization delineated during the 2021-2022 exploration work, as well exploring other prospective lithium pegmatites on the Property.

Exploration Highlights

Completed Phase 1 drill program of 5,847.15 meters consisting of 32 drill holes and commenced Phase 2 drill program with cumulative 2,200m of drilling consisting of 9 drill holes; with the following drill hole results of the drill programs:

- Drill hole LC21-09 intersected a 39 meters spodumene pegmatite in which a 7-meter-wide zone assayed 1.12 percent lithium oxide at 11 metres drilled depth;
- Drill hole LC21-18 intersected several spodumene bearing lithium pegmatite intercepts from 58.2 m to 160 m drilled depth; of which the most promising intercept grading 1.56% lithium oxide over 6 m at 114 m drilled depth, and a second 19 m wide intercept grading 0.48% Li2O at 141 m drilled depth;
- Drill hole LC21-17 intersected two spodumene bearing lithium pegmatite intercepts, of which the first is 5.2 metres wide zone grading 0.93 % lithium oxide at 214 m drilled depth, and a second 4.0 m wide intercept grading 0.30% Li2O at 292 m drilled depth;
- Drill hole LC21-19 intersected 1.26 % Li2O or 5,849 parts per million lithium over 2.7 m at 61 m drilled depth;
- Drill hole LC 21-33 intersected two zones; a 13.20-meter-wide zone with 0.08% Li2O at 2.7 m, and a 59.2- meters- wide zone with 0.07% Li2O at 34.8 m drilled depth;
- Drill hole LC 21-34 intersected two zones; a 11.73-meter-wide zone with 0.09% Li2O at 1.7 m, and a 75.3- meters- wide zone with 0.08% Li2O at 67.63 m drilled depth including a one-meter section of 1.49% Li2O at 81m;
- The drill hole LC21-35 intersected a 11.20-meter-wide zone with 0.91 % Li2O at 146 m, including a 5 m zone with 1.03% Li2O at 146 m and 3.2 m with 1% Li2O at 154 m. There is another seven meters wide zone with 0.54% Li2O at 165 m drilled depth including 2.06% Li2O over one meter at 169 m;
- Drill hole LC 21-36 intersected two weakly anomalous zones; a 9.8-meter-wide zone with 0.05% Li2O at 171 m, and a 7.5- meters- wide zone with 0.04% Li2O at 198 m drilled depth;
- Drill hole LC 21-37 intersected multiple weakly anomalous zones with widths in the range of 3 to 10 metres and 0.06-0.09% Li2O;
- The drill hole LC21- 39 intersected three lithium pegmatites with the main 7.3 m wide pegmatite zone averaged 1.54% lithium oxide (Li2O) at 188.7m drilled depth;
- The drill hole LC21-40 intersected a 4.95-meter-wide lithium pegmatite with average 1.49% lithium oxide (Li2O) at 189.6m drilled depth;

- The drill hole LC23-42 intersected two pegmatites with widths of 16 m and 4 m, respectively, showing varying lithium grades from 164 to 250 meters drilled depth;
- Drill Hole LC23-43 intersected four main lithium pegmatites as follows:
  - Pegmatite 1 with average 1,950.60 ppm Li or 0.42% Li2O over 5 meters at 152 m drilled depth.
  - Pegmatite 2 with average 1,870.71 ppm Li or 0.40% Li2O over 6 meters at 169 m drilled depth.
  - Pegmatite 3 with average 665.50 ppm Li or 0.14% Li2O over 3 meters at 196 m drilled depth.
  - Pegmatite 4 with average 536 ppm Li or 0.12% Li2O over 3 meters at 249 m drilled depth.
- The drill hole LC23-44 intersected 6.9-metre-wide pegmatite at 1.07% Li2O at 98.5 m drilled depth;
- Drill hole LC23-50 intersected eight main lithium pegmatites as follows:
  - Pegmatite intercept 1 with average 1,915 ppm Li or 0.41% Li2O over 1.77 meters at 11.23 m drilled depth.
  - Pegmatite intercept 2 with average 1,610 ppm Li or 0.35% Li2O over 2 meters at 25 m drilled depth.
  - Pegmatite intercept 3 is a low-grade zone with average 917 ppm Li or 0.20% Li2O over 4.4 meters at 31m drilled depth.
  - Pegmatite intercept 4 with average 5,558 ppm Li or 1.19% Li2O over 17.45 meters at 82.85m drilled depth.
  - Pegmatite intercept 5 with average 5,099 ppm Li or 1.10% Li2O over 10 meters at 106m drilled depth. This intercept also has a 1.67 m section with 1,700 ppm cesium and 2,030 ppm chromium. Rubidium in two sections is over 5,000 ppm which is above the method detection limits.
  - Pegmatite intercept 6 with average 6,625 ppm Li or 1.42% Li2O over 2 meters at 180m drilled depth.
  - Pegmatite intercept 7 is a low-grade zone with average 244 ppm Li or 0.05% Li2O over 4 meters at 194m drilled depth.
  - Pegmatite intercept 8 with average 3,146 ppm Li or 0.68% Li2O over 8.5 meters at 210m drilled depth.
- Drill hole LC23-51 intersected two lithium pegmatites zones including a 10-metre-wide section of 1.03% Li2O at 118 m drilled depth.
- Drill hole LC23-60 intersected two lithium pegmatites as follows:
  - The upper pegmatite intersected 2.75 m wide zone with average 2810 parts per million lithium or 0.60% lithium oxide at 78 m drilled depth; including one-metrewide zone with 1.34% Li2O at 78.75 m depth. tantalum.
- Drill Hole LC23-61 intersected a 2.3 m wide lithium pegmatite with average 2,467 ppm Li or 0.53% Li2O at 207.7 m drilled depth.

1.2.2 Abitibi Lithium Property, Quebec

The Abitibi Lithium property is comprised of 241 mineral claims covering over 12,779 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 completed the required option payments and acquired 100% interest in the Abitibi Lithium Property. The Abitibi Lithium Property is subject to a 3% NSR, which the Company will have the option to reduce the NSR to 2% by paying $1,000,000.

1.2.3 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.

Exploration Highlights – Fiscal 2022:

- 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% Li_2O 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% Li_2O which includes 4 meters of spodumene pegmatite at 1.20 percent Li_2O;
- 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% Li_2O;
- Drill hole LC21-003 intersected a six-meter-wide zone with 0.62 % Li_2O at 45 m depth including a two metres wide intersection with 1.35% Li_2O at 48 m depth. A second two-meter-wide pegmatite intersection assayed 0.63% Li_2O 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 completed the required option payments and acquired a 100% interest in the property as of February 2023. The property is also subject to a 2.0% NSR.

1.2.4 Electron Lithium Property, Quebec

On March 2, 2022, the Company entered into a purchase agreement to acquire a 100% interest in the Electron Lithium property (the "Electron Agreement"). The Electron Lithium property is comprised of 438 mineral claims covering approximately 30,000 hectares of prospective land around the Augustus Lithium Property in western Quebec.

As of November 8, 2022, the Company had completed the option payment and share issuance to acquire 100% interest in the Electron Lithium property.

On November 14, 2022, the Company entered into a joint venture agreement (the "Infini Joint Venture Agreement") with Infini Resources Pty Ltd. ("Infini Resources") whereby Infini Resources may earn a 100% interest in 255 of the 438 mineral claims comprising the Electron Lithium Property.

1.2.5 Falcon Lake Property, Ontario

The Falcon Lake property is comprised of 48 mineral claims covering approximately 987 hectares located in the Thunder Bay Mining Division, Ontario.

On September 30, 2022, the Company entered into an option agreement and a further amended option agreement to acquire a 100% interest in the Falcon Lake property ("Falcon Lake Agreement").

On October 21, 2022, the Company completed its commitments under the terms of the Falcon Lake Agreement, and acquired a 100% interest in the property.

On January 27, 2023, the Company executed a joint venture agreement (the "Battery Age Minerals Joint Venture Agreement") with Battery Age Minerals Limited ("Battery Age Minerals") whereby Battery Age Minerals may earn a 100% interest in the Falcon Lake Property.

1.2.6 Kokanee Creek 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.

In March 2020, the Company entered in an option agreement which was amended on February 28, 2021 and again on August 13, 2021, to acquire 100% interest in the Kokanee Creek Gold Property by making certain cash payments, share issuances and exploration expenditure requirements. During fiscal 2022, the Company completed the obligations under the amended option agreement to acquire 100% interest in the Kokanee Creek Gold Property. The property is 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.

Exploration Highlights:

- 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.

1.2.7 McNeely Lithium Property

Pursuant to the McNeely Lithium Property purchase agreement entered on June 7, 2021, the Company acquired a 100% interest in the McNeely Lithium Property, by issuing 526,316 common shares and paying $250,000. The McNeely Lithium Property is located in Quebec and consists of 66 claims covering approximately 2,400 hectares. The McNeely Lithium Property is subject to a 3.0% GMR. Certain of the claims are subject to a pre-existing 1.0% NSR. The Company will have the option to purchase the NSR by paying $200,000 to the NSR holder.

1.2.8 North Spirit Property

On June 13, 2022, the Company entered into an option agreement to acquire a 100% interest in the North Spirit Property. The property consists of 124 mining claims covering approximately 2,500 hectares area in two claim blocks on crown land in northwestern Ontario and is located about 175 kilometres to the north of Red Lake, Ontario.

On October 26, 2022, the Company entered into an amended option agreement which amended the certain cash payments, share issuances and exploration requirements of the option agreement.

Under the terms of the amended North Spirit option agreement, the Company acquired a 100% interest in the North Spirit Property by completing the share issuance of 1,105,262 common shares.

1.2.9 Rose West Lithium Property

On November 25, 2022, the Company entered into an option agreement to acquire a 100% interest in the Rose West Property. The Rose West Lithium property is located in the James Bay region of northern Quebec and consists of 32 mining claims covering approximately 1,700 hectares within townships.

On December 9, 2022, the Company entered into amended option agreement to which the Company could acquire a 100% interest in the property by issuing 1,300,000 shares and granted the Company a 1% GMR. Subsequent to March 31, 2023, the Company issued the required shares to acquire a 100% interest in the Rose West Lithium property.

Qualified Person

Technical data pertaining to the properties above was reviewed and approved by Afzaal Pirzada, P.Geo., who is FE Battery'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, 2023 $	Year ended March 31, 2022 $	Year ended March 31, 2021 $
Revenue	-	-	-
Net loss	(5,750,583)	(4,691,322)	(2,459,6611)
Net loss per share	(0.22)	(0.28)	(0.27)
Total assets	13,011,449	6,903,814	3,179,695
Long term liabilities	-	-	-
Dividends	-	-	-

1.4 DISCUSSION OF OPERATIONS

Year ended March 31, 2023 compared to year ended March 31, 2022

The net loss and comprehensive loss for the year ended March 31, 2023 (the "Current Year") was $5,750,583, a $1,059,261 increase over the net loss of $4,691,322 for the year ended March 31, 2022 (the "Comparative Year"). The significant variances for the Current Year and Comparative Year are as follows:

- Consulting fees were $167,767 in the Current Year, an increase of $39,934 over $127,833 for the Comparative Year. Consulting fees consist primarily of corporate advisory and development fees;
- Exploration and evaluation expenditures were $1,820,673 in the Current Year, an increase of $211,552 over $1,609,121 for the Comparative Year. The increase is due primarily to exploration drill programs on its Quebec lithium prospects carried out during the Current Year;
- Investor relations were $865,808 in the Current Year, a decrease of $122,217 over $988,025 for the Comparative Year. Investor relations consist on North American and European Investor Marketing programs;
- Professional fees were $144,396 in the Current Year, an increase of $57,228 over the Comparative Year. The increase in professional fees corresponded with the increase in the Company's activities during the Current Year;
- Shareholder communications was $196,546 for the Current Year, a decrease of $566,549 over $763,095 for the Comparative Year. The decrease is primarily due to multiple shareholder and investor programs initiated during the Comparative Year and not extended into Current Year. In Fiscal 2022, the Company initiated additional 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. The normal course of business expenses such as transfer agent fees, exchange listing fees, website maintenance and news release costs for the Company were comparative year over year;
- Share-based compensation was $2,190,000 in the Current Year, while the Comparative Year was $632,450 expense. Share-based compensation expense is the fair value of restricted share units and stock options granted and vested to directors, officers and consultants during the year;
- Gain on option of exploration and evaluation assets was $832,302 in the Current Year (2022 - $Nil) due to option earn-in payments received by the Company pursuant to two joint venture agreements entered into during the Current Year;
- Recovery of flow-through premium liability was $185,872 in the Current Year (2022 - $200,961) due to the flow through recovery during the current year; and
- Write-down of exploration and evaluation assets was $1,081,250 for the Current Year (Comparative Year - $480,250) was due to the Company's write down of the deferred costs on certain properties for which the Company is either negotiating amendment agreements, re-staking claims or has decided not to continue with further exploration work on the property.

Three months ended March 31, 2023 compared to three months ended March 31, 2022

The net loss and comprehensive loss for the three months ended March 31, 2022, was $3,290,038 as compared to the net loss and comprehensive loss for the three months ended March 31, 2022, of $969,538. The increase in net loss of $2,320,500 for the current period over the comparative period was primarily due to the current period incurring increases in share-based compensation expense of $2,002,984, investor relations of $246,810 and an increase in exploration expenditures in the current period of $613,983 with the remaining differences similar to the same factors mentioned in the Current Year and Comparative Year discussion above.

1.5 SUMMARY OF QUARTERLY RESULTS

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

	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Net revenues	$ -	$ -	$ -	$ -
Net loss	($3,927,459)	($794,743)	($526,680)	($501,701)
Per share	($0.15)	($0.03)	($0.02)	($0.02)
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Net revenues	$ -	$ -	$ -	$ -
Net loss	($969,538)	($977,223)	($1,008,208)	($1,736,353)
Per share	($0.10)	($0.06)	($0.06)	($0.06)

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.

FE Battery began the year ended March 31, 2023, with $111,486 in cash. During the year ended March 31, 2023, the Company expended $3,055,361 on operating activities, net of working capital changes, had a net recovery of $205,449 from investing activities from its exploration and evaluation assets and generated $6,403,004 from financing activities which was attributable to proceeds from share issuances, net of share issue costs, to end at March 31, 2023 with $3,664,578 in cash.

On May 2, 2022, the Company closed a non-brokered private placement, consisting of 907,519 flow-through units ("FT Units") priced at $0.931 per FT Unit and 723,684 non-flow through units ("NFT Units") priced at $0.76 per NFT Unit for aggregate gross proceeds of $1,394,900. Each FT Unit consists of one flow-through common share and one-half of one common share purchase warrant (each a "Flow Through Warrant"). Each whole Flow Through Warrant entitles the holder to purchase one common share at a price of $1.71 for a period of two years from the issue date. Each NFT Unit consists of one non-flow-through common share and one non-flow-through common share purchase warrant. Each NFT warrant entitles the holder to purchase one common share at a price of $1.90 for a period of one year from the issue date. The Company also paid finder's fees of $25,350 and issued 33,355 finder's shares valued at $24,083.

On November 15, 2022, the Company closed a non-brokered private placement for aggregate gross proceeds of $1,500,000 (the "Private Placement"). The Private Placement consisted of issuing 6,666,667 common shares at a price of $0.225 per share. The Company also paid finder's fees of $58,500.

On December 14, 2022, the Company closed a non-brokered private placement of 3,707,500 flow-through (FT) shares for gross proceeds of $2,225,475 by issuing 2,040,000 Quebec FT shares at price of $0.625 per share; and 1,667,500 National FT shares at a price of $ 0.57 per share. The Company recognized a liability for flow-through shares of $594,175. The Company also paid cash finder fees of $133,520.

On March 27, 2023, the Company has closed a non-brokered private placement for aggregate gross proceeds of $1,500,000 (the "Private Placement"). The Private Placement consisted of issuing 3,000,000 common shares at a price of $0.50 per share.

On May 31, 2023, the Company closed the first tranche of its May 26, 2023 announced private placement, for gross proceeds of $700,000, by way of issuing 573,770 flow-through shares ("FT share") priced at $0.61 per FT share and 538,461 national flow-through shares ("NFT share") priced at $0.65 per NFT share.

On June 9, 2023, the Company closed the second and final tranche of its May 26, 2023 announced private placement, for gross proceeds of $520,000, by way of issuing 800,000 NFT shares priced at $0.65 per NFT share.

As discussed above, at March 31, 2023, the Company's working capital was $1,994,858 compared to a working capital of $459,010 at March 31, 2022. The Company's continued operations are dependent upon the Company's ability to obtain sufficient financing to carry on planned operations. The Company 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 and will therefore will need to seek additional sources of financing to meet all exploration expenditures for its property commitments as well its ongoing operations.

The Company had 41,920,038 common shares issued and outstanding as at March 31, 2023 (March 31, 2022 – 20,589,209).

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.

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	Stock options
Outstanding at March 31, 2023	41,920,038	2,349,429	1,560,528
Common shares issued pursuant to private placement	1,912,231	-	-
Common shares issued pursuant to exploration and evaluation asset option agreements	2,883,333	-	-
Grant of stock options	-	-	2,000,000
Common shares issued pursuant to grant of restricted share units	550,000	-	-
Outstanding at the date of this MD&A	47,265,602	2,349,429	3,560,528

1.7 OFF STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

At March 31, 2023, 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, 2023, 2022, and 2021:

	For the years ended March 31,		
	2023	**2022**	**2021**
Consulting fees charged by directors of the Company	$ 10,000	$ 52,000	$ 13,500
Exploration consulting fees charged by directors	15,100	12,000	-
Salaries, fees and benefits	200,000	188,021	148,000
Share-based payments	600,000	-	292,472

Related party balances as at March 31, 2023 and 2022 were as follows:

	March 31, 2023	**March 31, 2022**
Amounts due to Directors and Officers of the Company	$ 322,176	$ 5,723
Amounts due to former directors and officers and companies controlled by former directors and officers	62,700	31,200
Totals	$ 384,876	$ 36,923

1.9 FOURTH QUARTER

FE Battery began the fourth quarter ended March 31, 2023, with $3,920,413 in cash. During the three months ended March 31, 2023, the Company expended $1,777,447 on operating activities, net of working capital changes, generated $80,112 from investing activities through option payments for exploration and evaluation assets, net of acquisition costs and generated $1,441,500 from financing activities which was attributable to proceeds from financing activities costs, to end at March 31, 2023 with $3,664,578 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 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, 2023 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, 2022, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective April 1, 2022.

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, 2023 and 2022:

			As at March 31,		
	Level		**2023**		**2022**
Cash	1	$	3,664,578	$	111,486
Reclamation deposits	1	$	11,000	$	11,000
Marketable securities	1	$	737,371	$	-
Financial liabilities	1	$	2,819,281	$	299,721

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, 2023, the Company had cash of $3,664,578 to settle current liabilities of $2819,281. 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, 2023 to interest rate risk through its financial instruments.

<u>Credit Risk</u>
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.

<u>Currency Risk</u>
The Company has no significant exposure at March 31, 2023 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, 2023 and 2022.

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 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, 2023, compared to the year ended to March 31, 2022. 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 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 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 6 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, 2023, and which materially affected, or is reasonably likely to materially affect, the Company's ICFR.

APPROVAL

The Board of Directors of FE Battery 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.