FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
FIRST PHOSPHATE CORP.
NOVEMBER 30, 2023 AND NOVEMBER 30, 2022

This management's discussion and analysis ("MD&A") covers the financial statements of First Phosphate Corp. (the "Company") for the nine month period ended November 30, 2023 and for the comparable period ended November 30, 2022. This MD&A should be read in conjunction with the condensed interim financial statements and notes thereto for the period ended November 30, 2023 and November 30, 2022 (the "Interim Financial Statements"). This MD&A has been prepared as of January 29, 2023 and has been approved by the Company's board of directors (the "Board").

This discussion should be read in conjunction with the Company's audited annual financial statements for the years ended February 28, 2023 and February 28, 2022, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in the MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee.

The Company's certifying officers are responsible for ensuring that the condensed interim financial statements and MD&A 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 was made. The Company's officers certify that the condensed interim financial statements and MD&A fairly present, in all material respects, the financial condition, result of operations and cash flows, of the Company as the date hereof.

The Board approves the condensed interim financial statements and MD&A and ensures that the Company's officers have discharged their financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which reviews and approves all financial reports prior to filing.

Additional information related to the Company is available on SEDAR+ at http://www.sedarplus.ca/.

FORWARD LOOKING STATEMENTS

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; reliance on key personnel; the potential for conflicts of interest among certain officers, directors, or promoters with certain other projects; the absence of dividends; competition; dilution; the volatility of our common share price and volume and the additional risks identified in the "Risk Factors" section of this MD&A or other reports and filings with applicable Canadian securities regulations. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. Investors are cautioned against attributing undue certainty to forward-looking statements.

DESCRIPTION OF BUSINESS AND OVERVIEW

The Company was incorporated in British Columbia on September 18, 2006. On June 29, 2022 the Company filed articles of amendment with the Province of British Columbia changing its name from First Potash Corp. to First Phosphate Corp. The address of the Company's corporate office and registered and records office is 1055 West Georgia Street, 1500 Royal Centre, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7.

Since May 2022 the Company has been in the business of acquiring, exploring and developing igneous anorthosite rock mineral properties in the Saguenay-Lac-St-Jean Region of Quebec for the purposes of developing and producing apatite (phosphate) concentrate, ilmenite (titanium) concentrate and magnetite (iron) concentrate. The Company now holds over 1,500 sq. km of royalty-free district-scale land claims.

The Company's mining properties are located in Quebec, a North American electrification industry hub. The properties are strategically located in proximity to the City of Saguenay, Quebec's 6th largest city, with a skilled industrial workforce. Bagotville Airport is within vicinity, with daily flights to Montreal. The Company has road access to the deep sea Port of Saguenay for international shipment of its concentrates as well as the ability to build industrial facilities at the Port of Saguenay. Clean Quebec Hydro is present in the vicinity of many of the Company's mining claims as well as at the Port of Saguenay. The Company's flagship property of Lac à l'Orignal as well as Bégin-Lamarche are located on four season, heavy haul gavel roads connected to a paved provincial highway and to the Port of Saguenay. The Company has a formal memorandum of understanding (MOU) in place with the Port of Saguenay.

The Company is a mineral development company fully dedicated to extracting and purifying phosphate for the eventual downstream production of cathode active material ("CAM") for the Lithium Iron Phosphate ("LFP") battery industry. Through prudent downstream partnerships, the Company plans to vertically integrate from mine source to eventual production of purified phosphoric acid and LFP CAM for use in the manufacture of LFP batteries for various industries such as energy storage, electric vehicles (EV) and other industries.

Industry Developments

The global LFP battery market size was USD 8.37 billion in 2020 and is projected to grow from USD 10.12 billion in 2021 to USD 49.96 billion by 2028 at a compound annual growth rate (CAGR) of 25.6%. Fortune Business Insights™ has mentioned these insights in its latest research report, titled, "*Global Lithium Iron Phosphate Battery Market, 2021-2028.*"

According to the study, demand for LFP batteries across passenger cars and electric vehicles will boost industry growth. LFP battery packs have gained traction by offering high voltage, power density, long life cycle, less heating, and increased safety conventional EV batteries. Soaring demand for EVs is projected to boost the demand for LFP battery components. On November 16, 2022, President Biden signed the Inflation Reduction Act (IRA) into law, marking a significant action the US Congress has taken on clean energy and climate change which affects the demand for clean energy storage solutions.

Changes in Mineral Properties and Claims

During the nine months ended November 30, 2023, there were no changes in plans for any of the mineral properties or claims, changes in the status of the plan or expenditures made with respect to the Company's projects except as disclosed herein:

***Lac à l'Orignal Flagship Area**:* The Company's material exploration property is the Lac à l'Orignal Property, which is based on a technical report dated November 17, 2022 and entitled "Technical Report and Initial Mineral Resource Estimate of the Lac à l'Orignal Phosphate Property, Saguenay-Lac-Saint-Jean Region, Northern Quebec" (the "Technical Report") as prepared by Antoine Yassa, P. Geo, registered geologist of 3602 Rang des Cavaliers, Rouyn-Noranda, J0Z 1Y2. Preliminary Metallurgical Testwork on the property was performed by the Quebec division of SGS Canada Inc. ("SGS") and published on March 20, 2023. As well, a Mineralogical Study by Queen's University was published on March 14, 2023. The Company announced a completed Preliminary Economic Assessment on this property on July 26, 2023.

On September 11, 2023, the Company filed on SEDAR+, its Preliminary Economic Assessment ("PEA") on the Lac à l'Orignal Property, Quebec, Canada. The PEA provides a viable case for developing the Property by open pit mining for the primary production of a phosphate concentrate and secondary recovery of magnetite and ilmenite concentrates.

The PEA by P&E Mining Consultants Inc. meets the requirements as defined in Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects. This PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be classified as Mineral Reserves. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no guarantee that First Phosphate will be successful in obtaining any or all of the requisite consents, permits or approvals, regulatory or otherwise, for the project to be placed into production.

The Company will determine if and when to proceed with Phase 2 as outlined in the PEA after additional drilling is completed and and a NI 43-101 compliant report is received for the Bégin-Lamarche property. The Company will, at that point, decide how to conduct environmental baseline studies and commence deeper stakeholder engagement and consultations (Quebec BAPE will be considered). The baseline studies should focus on aquatic, terrestrial and hydrological monitoring and documentation. A formal community, government, and stakeholder consultation plan should be developed and implemented, and all activities documented. This Phase would also include pre-feasibility studies (whether internal or formalized) as well as advanced metallurgical studies, definition drilling activities all in view to moving to a formal feasibility study. The Company will update as to the Phase 2 program (pre-feasibility and feasibility study) in the coming quarters after it is comfortable to have finalized drilling results at Bégin-Lamarche and fully understood the potential of this property vis-à-vis Lac à l'Orignal.

Expenditures for this period on the Lac à l'Orignal property have amounted to $590,416.

***Begin - Lamarche Area**:* The Company's secondary exploration property is found at Bégin-Lamarche which is 75 km driving distance from the deep sea Port of Saguenay. On June 5, 2023, the Company announced the results of its 4,274 m drill program on the property which yielded the discovery of two main zones with multiple open pit accessible phosphate-bearing layers.

Management has decided on a second drill program to be planned for the Bégin-Lamarche property. The objective of this program will be to infill drill the known phosphate layers to a 100 x 100 m grid in order to decide whether to commission a NI 43-101 resource estimate. The next drill program at Bégin-Lamarche is scheduled for Q1-Q2 of 2024 and requires a drilling program of 15,000 m to 25,000 m to fully uncover the potential that has been identified by the prospection program.

Expenditures for this period on the Bégin-Lamarche property have amounted to $609,602. Immediate expenditures for this property will be the infill drilling to be undertaken in Q1-Q2 of 2024.

Bluesky Property: The Bluesky Property consist of a series of staked claims areas within 250 km or less from the Port of Saguenay, Quebec. Ongoing surface sampling, prospecting and other forms of reconnaissance will occur on these properties in future quarters. These properties are to be considered as very early exploration.

The Company has incurred expenditures of $10,495 for this period.

All three exploration areas noted above have not generated revenue thus far. The Company is in the exploration phase at Lac à l'Orignal, in the advanced drilling phase at Bégin-Lamarche and at the early exploration phase in the Bluesky Property. The Company continues to determine the commercial feasibility of each location.

Changes in Share Capital

(a) On March 1, 2023, the Company issued 184,480 common shares, on the exercise of warrants and $68,257 was reclassified from shares to be issued to capital stock. On March 9, 2023, the Company issued 53,760 common shares at $0.25 per share, on the exercise of brokers' warrants, for total proceeds of $13,440. The fair value of warrants on the grant date was computed as $7,215 and was reclassified upon exercise from contributed surplus to capital stock.

(b) On March 10, 2023, the Company issued 27,173 common shares with a fair value of $22,825 for the purchase of 13 mineral claims in the Begin-Lamarche area (see note

8(a)).

(c) On April 24, 2023, the Company issued 1,205,217 units at $0.70 per unit for gross proceeds of $843,652. Each unit consisted of one share and one half of one common share purchase warrant. Each whole warrant is exercisable for one additional share at a price of $1.25 until April 26, 2026. The value of share capital of $614,660 was determined using the fair market value of the shares on the date of issuance and the residual proceeds of $228,992 were allocated to warrants. The Company paid $22,760 as brokers' fees and issued 12,514 warrants as brokers' warrants with an exercise price of $1.25 per share which expire on April 24, 2026. The fair value of the broker warrants was computed as $2,900 using the Black Scholes pricing model and recorded as share issuance costs.

(d) On April 24, 2023, the Company issued 1,869,375 flow-through ("FT") units at $0.80 per unit for gross proceeds of $1,495,500. Each FT unit consists of one flow-through common share and one half of one common share purchase warrant. Each whole warrant is exercisable for one additional non-flow through share at a price of $1.25 until April 30, 2026. The value of share capital of $1,140,320 (before deduction of $186,938 flow-through premium) was determined using the fair market value of the shares on the date of issuance and the residual proceeds of $355,180 were allocated to warrants. The Company paid $60,384 as brokers' fees and issued 57,980 warrants as brokers' warrants with an exercise price of $1.25 per share which expire on April 24, 2026. The fair value of the warrants was computed as $13,438 using Black Scholes pricing model and recorded to share issuance costs.

(e) On April 30, 2023, the Company issued 42,857 shares as finder's fees for the above private placements with a fair value of $21,857. Additionally, the Company incurred legal fees of $27,994 with respect to the above private placements.

(f) On May 17, 2023, the Company issued 7,143 common shares at $0.50 per share for gross proceeds of $3,572, on the exercise of unit warrants. The fair value of warrants on the grant date was computed as $nil, accordingly no amount was reclassified upon exercise from contributed surplus to capital stock.

(g) On May 30, 2023, the Company issued 4,480 common shares at $0.25 per share, on the exercise of brokers' warrants, for total proceeds of $1,120. The fair value of warrants on the grant date was computed as $601 and was reclassified upon exercise from contributed surplus to capital stock.

(h) On June 28, 2023, the Company settled an amount owed for services through the issuance of 179,104 common shares at $0.335 per share.

(i) On September 1, 2023, the Company settled an amount owed to its directors and officers through the issuance of 508,421 common shares at $0.38 per share. The Company also settled an amount owed for services through the issuance of 780,726 common shares at $0.38 per share.

(j) On November 30, 2023, the Company settled an amount owed for services through the issuance of 84,616 common shares at $0.39 per share due to the vesting of restricted share units (“RSUs”). The Company issued 450,001 common shares at $0.38 per share due to the vesting of RSUs for services received from its officers and directors. The Company also issued 59,211 common shares at $0.38 per share due to the vesting of RSUs for services received from consultants.

Other Events

September 1, 2023: First Phosphate reported up to 36.5% Phosphate Assay Result at its Larouche Property in Saguenay-Lac-St-Jean, Quebec, Canada and Corporate Updates

Bennett Kurtz assumed the role of the Company's CFO in addition to his roles as the Company’s CAO, Corporate Secretary, and Director.

The Company approved the grant of 250,000 stock options (the "Options") to each of two advisors of the Company (500,000 Options in aggregate) to purchase common shares of the Company (the "Common Shares") to certain advisors of the Company, at an exercise price of $0.70 per share, with an expiry date of three years from the date of issuance (the "Option Grants"). The Options are subject to time-based vesting such that increments of 25% vest every 6 months for two years. The terms of the Options granted are in accordance with the Company's Omnibus Equity Incentive Plan as approved by disinterested shareholders at the Company's annual and special meeting of shareholders held on November 25, 2023. All securities issued are subject to a statutory hold period of four months plus one day from the date of issuance, in accordance with applicable securities legislation.

Officers of the Company were issued 718,947 common shares for settlement of all amounts owed to them as of November 30, 2023. Several vendors and consultants of the Company were issued 570,200 common shares for settlement of all amounts owed to them as of November 30, 2023.

The Company announced the grant of 1,018,424 RSUs of the Company to certain directors, officers, and consultants of the Company in lieu of cash compensation. Such RSUs will vest in 2 tranches after 3 and 6 months of issuance and will be subject to a statutory four month and one day hold period. Each vested RSU entitles the holder to receive one Common Share.

The Company entered into agreement to engage Laura Stein for Investor Relations Activities (as defined in the CSE's Policy) with the effective date of September 1, 2023. Ms. Stein's engagement is for an initial term of 12 months ending on September 1, 2024, during which the Company has issued, as compensation to Ms. Stein, 250,000 Options to vest over the course of the 12 month engagement, at the exercise price of $0.70 per Common Share, subject to minimum exercise price as set out in the CSE's Policy. The Options vest at 25% per quarter over 9 months with the first 25% of such Options vesting immediately.

September 6, 2023: The Company received successful results for the pilot production of Merchant Grade Phosphoric Acid (MGA) from its phosphate concentrate. As previously announced on June 19, 2023, a 900 kilogram sample of apatite concentrate was produced at the First Phosphate pilot plant facilities at SGS Québec and was sent to the facilities of Prayon Technologies SA ("Prayon") in Belgium for testing its suitability for the production of battery- grade purified phosphoric acid ("PPA"). Prayon has begun assessing product quality and process feasibility through pilot testing of the First Phosphate rock concentrate to determine the optimal process parameters for MGA production. The first initial report on the pilot testing for the production of MGA has been completed. The final report with any additional comments on the MGA production testing as well as details on the PPA production testing through membrane purification (next step) is expected to be available as planned during Q4 2023.

September 11, 2023: The Company filed on SEDAR+ its Preliminary Economic Assessment ("PEA") on the Lac à l'Orignal Property, Quebec, Canada. The PEA provides a viable case for developing the Property by open pit mining for the primary production of a phosphate concentrate and secondary recovery of magnetite and ilmenite concentrates.

The PEA is considered by P&E Mining Consultants Inc. to meet the requirements as defined in Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects. This PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be classified as Mineral Reserves, and there is no certainty that the PEA will be realized. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no guarantee that First Phosphate will be successful in obtaining any or all of the requisite consents, permits or approvals, regulatory or otherwise, for the project to be placed into production. The PEA has an effective date of July 25, 2023, and the report is dated September 11, 2023.

The results of the PEA were previously reported in the Company's news release dated July 26, 2023, and there are no differences in the PEA Technical Report from those results.

September 13, 2023: The Company announced that, it has entered into an agreement with American Battery Factory Inc. ("ABF") of Utah, USA to support production of up to 40,000 tonnes of annual fully North American manufactured LFP CAM. The initiative aims to bring production of LFP batteries for the battery storage sector to North America.

September 29, 2023: The Company announced that it received a letter of interest ("LOI") from the Export-Import Bank of the United States ("EXIM"), where EXIM express that it would be able to provide financing in the amount of up to USD $170,000,000.00 to the Corporation.

The LOI is in support of the procurement of U.S. goods and services by First Phosphate in Canada and is eligible for a maximum repayment term of 10 years and expires on October 14, 2024.

First Phosphate notes that the LOI does not represent a financing commitment and does not guarantee the Company's access to any or all financing from EXIM. EXIM is to conduct its standard due diligence prior to issuing a final commitment for this transaction. All final commitments must be in compliance with EXIM policies as well as program, legal and eligibility requirements.

October 5, 2023: The Company appointed Jérôme Cliche its Vice-President, Business

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Development. Mr. Cliche is experienced in the areas of corporate finance, strategic investment and corporate development. Mr. Cliché is the co-founder of Renmark Financial Communication, a Montreal based company offering a range of integrated services to small, medium, and large cap public companies trading on all major North American stock exchanges.

The Company granted 150,000 options exercisable at $0.70 per share to Jérôme Cliche. The options vest in increments of 33% every four months after October 5, 2023. These options expire on October 5, 2026.

On October 5, 2023, Jérôme Cliche was appointed Vice-President, Business Development and was granted 338,462 restricted stock units. The units vest as follows: (i) 25% vested on October 5, 2023 (ii) increments of 25% every three months after October 5, 2023.

November 29, 2023: The Company announced a non-binding memorandum of understanding ("MOU") for the development of intermediates used for the manufacture of LFP CAM to support the developing North American battery market. Under this agreement, Sun Chemical is to use its qualified North America facilities to manufacture iron phosphate using the phosphate material of First Phosphate and its partners.

SUBSEQUENT EVENTS

December 6, 2023: The Company signed an MOU with Lithium Australia Limited (ASX: LIT) ("LIT") for the potential development of an LFP and lithium manganese iron phosphate ("LMFP") CAM manufacturing plant in North America.

December 11, 2023: The Company signed an MOU with Ultion Technologies Inc ("Ultion") of Las Vegas, Nevada for the purchase of a non-exclusive, perpetual license to technology for the production of LFP and LFMP CAM.

December 22, 2023: The Company issued 1,970,000 FT shares at $0.50 per unit for gross proceeds of $985,000. The Company paid $47,280 as finder's fees and issued 63,040 compensation shares, and 157,600 compensation warrants exercisable at a price of $0.50 per common share of the Company until December 31, 2025.

December 29, 2023: the Company issued:
- 3,090,438 units at $0.40 per unit for gross proceeds of $1,236,175. Each unit consisted of one share and one half of one common share purchase warrant. Each whole warrant is exercisable for one common share at a price of $0.50 until December 31, 2025;
- 10,590,000 FT shares at $0.50 per unit for gross proceeds of $5,295,000;

and the Company paid $330,880 as finders' fees and issued 369,840 compensation shares, and 1,179,400 compensation warrants exercisable at a price of $0.50 per common share of the Company until December 31, 2025.

The officers and directors of the Company were granted 1,881,000 RSUs. The RSUs vest as follows: (i) 25% on May 31, 2024, (ii) 25% on August 31, 2024, (iii) 25% on November 30, 2024, and (iv) 25% on February 28, 2025. A consultant of the Company was granted 73,000 RSUs. The

RSUs vest 33.33% after each of 3, 6 and 9 months from December 1, 2023. Another consultant of the Company was granted 250,000 RSUs. The RSUs vest as follows: (i) 30% on February 28, 2024, (ii) 35% on May 31, 2024, and (iii) 35% on August 31, 2024.

On the same date, the Company granted 2,500,000 options exercisable at $0.40 per common share to its officers and directors. The options vest in increments of 25% every six months after December 29, 2023. These options expire five years from the grant date. The Company also granted 150,000 options exercisable at $0.40 per common share to a consultant. The options vest 25% on August 31, 2024 and 25% every six months thereafter. These options expire five years from the grant date. Further, the Company granted 460,000 options exercisable at $0.40 per common share to various consultants. The options vest in increments of 25% every six months after December 29, 2023. These options expire three years from the grant date.

The Company settled $511,918 of amounts owing to various creditors for 1,279,796 common shares.

The Company completed a credit agreement with members of its management team and board of directors to establish a secured revolving credit facility of $2,100,000 to be advanced in installments. In consideration for providing the credit facility, the company granted 5,250,000 warrants exercisable at $0.40 per common share. 2,625,000 warrants vest immediately. The remaining issued but unvested warrants will vest by dividing the amount of any advance under the credit facility by the exercise price of the warrants. These warrants expire five years from the grant date.

<u>January 5, 2024</u>: the Company issued 84,616 common shares due to the exercise of RSUs for services received from a consultant.

<u>January 19, 2024</u>: the Company issued 1,768,250 Hard Dollar Units for gross proceeds of $707,300. Each unit consisted of one share and one half of one common share purchase warrant. Each whole warrant is exercisable for one common share at a price of $0.50 until December 31, 2025.

<u>January 25, 2024</u>: the Company entered into a multi-party agreement with American Battery Factory Inc. ("ABF") of Utah, USA and Integrals Power Limited ("IPL") of Milton Keynes, United Kingdom to produce LFP CAM and LFP battery cells in North America. The initiative ("LFP Project America") is to support ABF's eventual need for up to 40,000 tonnes of annual fully localized LFP CAM for LFP battery cell production in North America by 2028. LFP Project America aims to eventually localize the entire production supply chain of LFP CAM, LFF battery cells storage devices for the battery storage sector to North America.

<u>January 29, 2024</u>: the Company made a new high grade discovery 500 m from the existing northern zone of its Bégin-Lamarche project located in the region of Saguenay-Lac-St-Jean, Quebec, Canada. The original discovery was made in the fall of 2022 during a prospection campaign and was later confirmed by a 4,200 m drilling campaign in the winter of 2023. The Larouche area also continues to return high grade analyses with one sample grading as high as 39.45% P2O5 (phosphate) in an irregular layer of pure apatite (the host mineral which contains phosphate). At this level of purity, the mineral would be considered direct shipping ore ("DSO").

RESULTS OF OPERATIONS

<u>For the three months ended November 30, 2023</u>

The following analysis of the Company's operating results for the three months ended November 30, 2023 includes a comparison against the three months ended November 30, 2022.

Revenue:

The Company has no active business operations that generate revenue.

Expenses:

Professional fees for the three months ended November 30, 2023 were $176,915 compared to $195,331 for the three months ended November 30, 2022. The professional fees comprise of the following:

	For the three months ended November 30, 2023 $	For the three months ended November 30, 2022 $
Legal fees	143,610	171,763
Accounting fees	18,000	13,446
Audit fee	15,305	10,122
	176,915	195,331

The decrease in legal fees is reflective of filings and other general matters of the Company given the Company is now post its public listing process on the Canadian Securities Exchange (the "CSE"). The increase in accounting fees and audit fees is due to the increase in the level of activities.

Mining exploration and metallurgy for the three months ended November 30, 2023 were $55,142 compared to $376,486 for the three months ended November 30, 2022. The Company recently completed prospecting activities at the Bégin-Lamarche and Blue-sky areas. The Company's policy is to expense all mining exploration of metallurgy costs other than the acquisition of properties and claims.

Business development for the three months ended November 30, 2023 were $109,663 compared to $nil for the three months ended November 30, 2022. The increase in expense is due to the Company's recent public listing on the CSE and its need to gain visibility for the Company's activities and to attend international conferences to build various aspects of the business.

Consulting Fees for the three months ended November 30, 2023 were $85,611 compared to $237,936 for the three months ended November 30, 2022. Consulting fees were incurred relating mostly to market research initiatives.

Management fees for the three months ended November 30, 2023 were $117,000 compared to $70,000 for the three months ended November 30, 2022. Management fees and increases relate to more robust scale-up of the executive management and staffing for the Company.

Directors' fees for the three months ended November 30, 2023 were $54,000 compared to $16,500 for the three months ended November 30, 2022. Fees have been incurred due to the scale-up of Company and director activities.

General administrative expenses for the three months ended November 30, 2023 were $30,438 compared to $67,995 for the three months ended November 30, 2022 and reflect the Company's administrative activities.

Regulatory filing fees for the three months ended November 30, 2023 were $21,957 compared to $23,369 for the three months ended November 30, 2022. The costs are reflective of various filings for the Company given its listing on the CSE.

Share based compensation for the three months ended November 30, 2023 were $307,346 compared to $135,144 for the three months ended November 30, 2022. Share based compensation was recorded for the issuance of stock options to management, directors and consultants of the Company with the scale-up of operations of the Company.

Gain on amortization of flow through liability for the three months ended November 30, 2023 were $3,608 compared to $nil for the three months ended November 30, 2022.

Interest income for the three months ended November 30, 2023 were $7,874 compared to $nil for the three months ended November 30, 2022. This interest relates to bank deposits.

Loss for the period

The net loss for the three months ended November 30, 2023 was $946,590 as compared to $1,115,884 for the three months ended November 30, 2022. This represents a decrease in net loss of $169,294 and is due to the items discussed above given the Company's scale-up of operations in the recent quarters.

<u>For the nine months ended November 30, 2023</u>

The following analysis of the Company's operating results for the nine months ended November 30, 2023 includes a comparison against the nine months ended November 30, 2022.

Revenue:

The Company continues to have no active business operations that generate revenue.

Expenses:

Professional fees for the nine months ended November 30, 2023 were $797,296 compared to $288,815 for the nine months ended November 30, 2022. The professional fees comprise of the following:

	For the nine months ended November 30, 2023 $	For the nine months ended November 30, 2022 $
Legal fees	429,103	246,064
Accounting fees	279,778	20,946
Audit fee	88,415	21,805
	797,296	288,815

The increase in legal fees is reflective of filings and other general matters of the Company given the Company's recent public listing on the Canadian Securities Exchange (the "CSE") as well as the Company's preparation of an AIF and base shelf prospectus. The increase in accounting fees and audit fees is due to the increase in the level of activities.

Mining exploration and metallurgy for the nine months ended November 30, 2023 were $1,210,513 compared to $616,890 for the nine months ended November 30, 2022. The Company recently completed preliminary metallurgical test work on the Lac à l'Orignal property as well as a detailed mineralogical study. The Company also recently commissioned its solventless concentration pilot plant and shipped a 900 kg sample of beneficiated phosphate rock to Prayon for the creation of test batches of PPA. The Company also completed and filed its PEA report on SEDAR on September 11, 2023. The Company also completed prospecting activities at the Bégin-Lamarche and Blue-sky areas. The Company's policy is to expense all mining exploration of metallurgy costs other than the acquisition of properties and claims.

Business development for the nine months ended November 30, 2023 were $699,033 compared to $nil for the nine months ended November 30, 2022. The increase in expense is due to the Company's recent public listing on the CSE and its need to gain visibility for the Company's activities and to attend international conferences to build various aspects of the business.

Consulting Fees for the nine months ended November 30, 2023 were $399,801 compared to $272,886 for the nine months ended November 30, 2022. Consulting fees were incurred relating mostly to market research initiatives as the Company works to develop potential markets for its future mining products.

Management fees for the nine months ended November 30, 2023 were $423,000 compared to $145,000 for the nine months ended November 30, 2022. Management fees relate to the executive management and staffing for the Company as operations have been ramped-up.

Directors' Fees for the nine months ended November 30, 2023 were $140,400 compared to $50,000 for the nine months ended November 30, 2022. Fees have been incurred for non-executive directors.

General administrative expenses for the nine months ended November 30, 2023 were $131,685 compared to $104,783 for the nine months ended November 30, 2022 and reflect the increase in the Company's activities.

Regulatory filing fees for the nine months ended November 30, 2023 were $115,440 compared to $55,687 for the nine months ended November 30, 2022. The increase in costs is reflective of various filings for the Company given its listing on the CSE.

Share based compensation for the nine months ended November 30, 2023 were $737,578 compared to $139,071 for the nine months ended November 30, 2022. Share based compensation was recorded for the issuance of stock options and RSUs to management, directors and consultants of the Company as the management team has been expanded out.

Gain on amortization of flow through liability for the nine months ended November 30, 2023 was $107,054 compared to $nil for the nine months ended November 30, 2022.

Interest income for the nine months ended November 30, 2023 were $19,971 compared to $nil for the nine months ended November 30, 2022. This interest relates to bank deposits.

FIRST PHOSPHATE

Loss for the period

The net loss for the nine months ended November 30, 2023 was $4,527,721 as compared to $1,666,255 for the nine months ended November 30, 2022. This represents an increase in net loss of $ 2,861,466 and is due to the items discussed above given the Company's scale-up of operations in the recent quarters.

SUMMARY OF QUARTERLY RESULTS

The following quarterly financial data is derived from the financial statements of the Company as at and for the three-month periods ended on the dates indicated below. The information should be read in conjunction with the Company's condensed interim financial statements and the accompanying notes thereto.

	Nov 30/23 $	Aug 31/23 $	May 31/23 $	Feb 28/23 $
Total assets	5,161,891	5,465,682	6,125,429	5,933,078
Working capital	740,477	663,345	1,699,072	1,695,036
Shareholders' equity	4,490,596	4,413,464	5,449,191	5,422,330
Net loss	(946,590)	(1,242,574)	(2,338,557)	(2,138,999)
Loss per share	(0.02)	(0.02)	(0.05)	(0.05)

	Nov 30/22 $	Aug 31/22 $	May 31/22 $	Feb 28/22 $
Total assets	4,372,481	3,509,510	52,437	-
Working capital (deficiency)	71,610	607,249	(169,902)	(72,678)
Shareholders' equity (deficiency)	2,865,844	3,368,132	(132,639)	(72,678)
Net loss	(1,115,884)	(490,410)	(59,961)	(15,715)
Loss per share	(0.03)	(0.03)	(0.10)	(0.03)

The total assets, working capital and shareholders' equity improved from November 30, 2022 to November 30, 2023 as the Company was able to secure additional financing and finalize its initial work program.

The total assets of the Company remained fairly consistent for the period as the Company completed its initial work program. Working capital and shareholders' equity improved slightly thanks to the financing activities of the Company.

The net loss for the nine-month period ended November 30, 2023, was $4,527,721 compared to a net loss for the nine-month period ended November 30, 2022 of $1,666,255. The larger loss in fiscal 2024 is due to the recapitalization of the Company and expenses incurred due to the restart of the Company's work program and the expensing of mineralogical, metallurgical and exploration related expenditures.

LIQUIDITY AND CAPITAL RESOURCES

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company currently does not generate revenue. It has incurred losses and negative cash flows from operations since inception. To maintain or adjust the capital structure, the Company may attempt to issue new shares. The Company intends to raise capital by future financings. There is no guarantee that additional financing will be available or that it will be available on terms acceptable to management of the Company. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing. If the Company is not successful in raising sufficient capital, the Company may have to curtail or otherwise limit its operations. See "Risk Factors" of this MD&A.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the nine-month period ended November 30, 2023. The Company is not subject to externally imposed capital requirements.

As of November 30, 2023, the Company has cash of $921,085, HST recoverable of $262,672 and $671,295 in current liabilities. The Company intends to raise capital by future financings. There is no guarantee that additional financing will be available or that it will be available on terms acceptable to management of the Company.

The Company's directors and management have agreed to not be paid cash salaries until February 2025 to assist the Company with maintaining sufficient cash flow. Directors and managers have agreed to be paid in RSUs.

As at January 29, 2024, the Company has cash of $9,529,730 not including HST and other government receivables and $0 in current liabilities.

As at January 29, 2024, the Company budgets a cash requirement of $5,814,100 for the 12 month period ending January 31, 2025.

Use of Proceeds Assuming No Additional Financing

As of January 29, 2024, the Company intends to use its non-contingent financial resources for the advancement of the objectives and milestones outlined below for the next 12 months.

Category	Expense	Description, Specific Factors and Assumptions
Legal	$72,000	Ongoing expenses to run the contractual and compliance side of the business.
Audit & Accounting	$174,000	Ongoing expenses to adhere to the filing and audit requirements of a public reporting issuer.
Public Market	$111,300	Ongoing expenses related to being listed as a reporting issuer on the Canadian Securities Exchange (CSE).
Marketing	$69,000	Expenses related to providing exposure to the Company's developments.
General & Administration	$267,600	General expenses related to running the business and office expenditures.
Business Development	$90,200	Expenses related to building the eventual customer side of the business, partnerships and offtakes.
Mineral Resource & Other Studies	$260,000	Expenses related to proving out the mineral resource estimate at the Bégin-Lamarche property.
Mining & Metallurgical Activities	$4,770,000	Drilling and Exploratory expenses related to the Bégin-Lamarche property as well as ongoing costs of other properties owned by the Company.
Total	**$5,814,100**	

By adhering to planned operating and solely focusing on milestones that use non-contingent financial resources, as set forth in the table above, the Company can maintain operations until January 2025 and leaving an addition $3,715,630 in available cash resources.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet transactions.

CAPITAL STOCK

The authorized capital stock of the Company is an unlimited number of common shares and an unlimited number of preferred shares issuable in series. As at November 30, 2023, the Company had 53,775,286 common shares issued and outstanding. As at the date of this MD&A, the Company has 72,928,226 common shares outstanding. There are no preferred shares issued or outstanding.

Omnibus Equity Incentive Plan

On July 26, 2023, the Omnibus Equity Incentive Plan (the "**Omnibus Pla**n") was approved and adopted by the Board, which was implemented on August 25, 2023. The Omnibus Plan replaces the Company's stock option plan (the "**Legacy Stock Option Plan**") and restricted share unit plan ("**Legacy RSU Plan**"). The Omnibus Plan provides the Company with the flexibility to grant diverse equity awards as part of its objective to attract, retain and motivate highly qualified directors, officers, employees and consultants, all granted under one plan which will allow such awards to be subject to the same administration and overall limits. The Omnibus Plan was approved by disinterested shareholders at the Company's annual and special meeting of shareholders held on August 25, 2023.

No further grants of Options are to be made under the Legacy Stock Option Plan and awards of RSUs under the Legacy RSU Plan.

The Omnibus Plan is a "rolling" share-based compensation plan pursuant to which the aggregate number of common shares reserved for issue under the Omnibus Plan may not exceed twenty percent (20%) of the common shares issued and outstanding at the time of option or RSU grant. Outstanding options under the Legacy Stock Option Plan continue to be governed by the Legacy Stock Option Plan. The Company had no RSUs issued and outstanding at the time of disinterested shareholder approval for the Omnibus Plan. The Company currently has 7,108,000 common shares reserved for issuance pursuant to options grants and 1,356,886 common shares pursuant to RSU grants. In aggregate, the Company has 8,464,886 common shares reserved for issuance pursuant to options and RSUs granted and outstanding, representing 15.92% of the Common Shares outstanding.

As of the date of this MD&A, the Company is authorized to issue up to 10,636,291 options or RSUs.

Restricted Share Units

The following details the changes in outstanding RSUs for the nine months ended November 30, 2023:

	Number of RSUs
Outstanding, March 1, 2023	-
Granted during the period	1,356,886
Vested and exercised during the period	(593,828)
Outstanding as at November 30, 2023	763,058

For the nine months ended November 30, 2023, the Company recorded $366,894 of share based compensation related to the vesting of RSUs (2022 - $nil). This has been presented in the statement of loss and comprehensive loss as follows:

	$
Management fees	175,500
Director fees	81,000
Legal fees	33,750
Consulting fees	76,644
	366,894

As at November 30, 2023, 1,356,886 RSUs were granted under the Omnibus Plan (Note 16).

As at the date of the MD&A, the Company has 2,882,443 RSUs outstanding.

Options

The following details changes in options outstanding for the nine months ended November 30, 2023 and 2022:

	Number of Options	Weighted Average Exercise Price
Outstanding, March 1, 2023	6,225,000	0.30
Issued during the period	1,732,000	0.70
Cancelled during the period	(849,000)	0.61
Outstanding as at November 30, 2023	7,108,000	0.36

During the nine months ended November 30, 2023, the Company granted:

- 100,000 options exercisable at $0.70 per share to a consultant. The options vest as follows: (i) 25% vested on April 24, 2023 (ii) increments of 25% vest every six months after March 1, 2023. These options expire three years from the grant date. Of the 100,000 options, 75,000 options were cancelled pursuant to an option forfeiture agreement dated June 27, 2023, and 25,000 have vested and are exercisable until June 27, 2024.
- 732,000 options exercisable at $0.70 per share to an officer. The options vest as follows: (i) 25% vested on April 24, 2023, (ii) increments of 25% vest every six months after April 1, 2023. These options expire three years from the grant date. Of the 732,000 options, 549,000 options were cancelled and 25,000 have vested and are exercisable until November 30, 2024.
- 500,000 options exercisable at $0.70 per share to several consultants. The options vest as follows: (i) 25% vested on September 1, 2023 (ii) increments of 25% every six months after September 1, 2023. These options expire on September 1, 2026;
- 250,000 options exercisable at $0.70 per share to a consultant. The options vest in increments of 25% vest every three months after September 1, 2023. These options expire on September 1, 2026; and
- 150,000 options exercisable at $0.70 per share to a consultant. The options vest in increments of 33% every four months after October 5, 2023. These options expire on October 5, 2026.

On March 31, 2023, a consultant engaged by the Company as Vice President Public and Legal Affairs of the Company resigned from service. Of the 300,000 options issued to this consultant, 225,000 options were immediately cancelled and 75,000 have vested and are exercisable until March 31, 2024.

On June 27, 2023, a consultant engaged by the Company as the capital markets consultant resigned from service. Of the 100,000 options issued to this consultant, 75,000 options were immediately cancelled pursuant to an option forfeiture agreement dated June 27, 2023, and 25,000 have vested and are exercisable until March 1, 2026.

On October 1, 2023, an officer of the Company resigned. Of the 732,000 options issued to this consultant, 549,000 options were immediately cancelled and 183,000 have vested and are exercisable until March 1, 2026.

The following is a summary of options outstanding as at November 30, 2023:

Expiry date	Number of options outstanding	Number of options exercisable	Exercise price $	Life remaining
February 22, 2026	3,075,000	1,537,500	0.25	2.23
February 22, 2026	2,925,000	1,500,000	0.35	2.23
April 24, 2026	208,000	208,000	0.70	2.40
September 01, 2026	750,000	125,000	0.70	2.75
October 05, 2026	150,000	-	0.70	2.85
	7,108,000	**3,370,500**		

For the nine months ended November 30, 2023, the Company recorded $ 603,184 of share based compensation related to the vesting of options (2022 - $139,071).

The fair value of the 1,732,000 options issued during the nine months ended November 30, 2023 was determined based on the Black Scholes pricing model, with the following weighted average inputs:

Weighted Averages	
Share price	$0.43
Dividend yield	Nil
Exercise price	$0.70
Risk free interest rate	4.13%
Expected volatility	100%
Expected expiry	3.00

As at the date of the MD&A, the Company has 10,218,000 options outstanding of which 3,189,250 options are exercisable.

Warrants

During the nine months ended November 30, 2023, the Company issued 70,494 warrants with an exercise price of $1.25 per share as broker fees for private placements. 1,537,295 warrants were issued at an exercise price of $1.25 per share as part of a private placement that took place during the nine months ended November 30, 2023.

	Number of warrants	Weighted Average Exercise Price $
Outstanding as at February 28, 2023	6,547,477	0.49
Issued during the period	1,607,789	1.20
Exercised during the period	(65,383)	0.28
Outstanding as at November 30, 2023	8,089,883	0.65

The following is a summary of warrants outstanding as at November 30, 2023

Expiry date	Number of warrants	Exercise price $	Weighted average life remaining
November 23, 2024	80,640	0.25	0.73
December 31, 2025	6,401,454	0.50	2.08
April 24, 2026	1,607,789	1.25	2.40
	8,089,883		

Warrants issued as part of units are valued using the residual method in accordance with the Company's accounting policy, with a value of $584,172 for the nine months ended November 30, 2023 (nine months ended November 30, 2022 - $Nil) for the 1,537,295 granted. The fair value of the 70,494 broker warrants granted was estimated to be $16,338 at the grant date, based on the Black Scholes pricing model, with the following weighted average inputs:

Weighted Averages	
Share price	$0.51
Dividend yield	Nil
Exercise price	$1.25
Risk free interest rate	3.60%
Expected volatility	100%
Expected expiry	3.00

As at the date of the MD&A, the Company has 17,668,627 warrants outstanding.

RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board and corporate officers. They are listed below:

Related party	Relationship
John Passalacqua	Chief Executive Officer ("CEO") and Director
Peter Kent	Former President and Former Director[(1)]
Laurence W. Zeifman	Chairman and Independent Director
Bennett Kurtz	Chief Administrative Officer ("CAO"), Chief Financial Officer ("CFO"), Corporate Secretary, and Director[(2)]
Garry Siskos	Former CFO and Former Chief Operating Officer ("COO")[(2)]
Marc Branson	Independent Director
Gilles Laverdiere	Chief Geologist[(4)]
Jérôme Cliche	Vice-President, Business Development[(3)(4)]

Notes:

(1) On August 31, 2023, Mr. Kent resigned as a director and president of the Company.
(2) On September 1, 2023, Mr. Siskos stepped down as COO/CFO of the Company with Mr. Kurtz, the predecessor CFO to Mr. Siskos, serving as the Company's CFO in addition to his CAO, Corporate Secretary and Director positions.
(3) Mr. Cliche was appointed on October 5, 2023.
(4) These are considered related parties under securities law and not under IAS 24

Remuneration attributed to key management personnel can be summarized as follows:

	For the nine months ended November 30,	
	2023 $	2022 $
Share based compensation	421,197	89,006
Management fees	423,000	145,000
Professional Fees	125,000	-
Director's fees	140,400	50,000
Consulting Fees	30,000	-
	1,139,597	284,006

Director and Management Services Agreements

The Company has director and management service agreements with each of its directors and officers that allow for termination without cause so long as 30 day prior written notice is provided by either party. Under each agreement, the consultant is entitled to a monthly payment in cash but the Company has the option to issue Common Shares as payment in lieu.

For the nine months ended November 30, 2023, ExpoWorld Ltd. (with John Passalaqua as principal) received $349,400 in fees comprised of $216,000 for management services (November 30, 2022 $67,500) in their capacity as a CEO, $nil directors fees (November 30, 2022 $nil), and $133,400 (November 30, 2022 $51,181) in share base compensation comprised of Options and RSUs. Mr. Passalaqua is the CEO and director of the Company.

For the nine months ended November 30 2023, Peter Kent Investments Inc. (with Peter Kent as principal) received $110,758 in fees comprised of $72,000 for management services (November 30, 2022 $22,500) in their capacity as President, $nil directors fees (November 30, 2022 $nil), and $38,758 (November 30, 2022 $25,590) share based compensation comprised of Options. As of September 1, 2023, Mr. Kent stepped down as President and director of the Company.

For the nine months ended November 30, 2023, POF Capital Corp. (with Bennett Kurtz as principal) received $197,200 in fees comprised of $135,000 for management services (November 30, 2022 $45,000) in their capacity as a CAO, $nil directors fees (November 30, 2022 $nil), and $62,200 (November 30, 2022 $25,590) share based compensation comprised of Options and RSUs. As of September 1, 2023, Mr. Kurtz was appointed CFO of the Company. He also serves as a director and CAO, Corporate Secretary, and Director of the Company.

For the nine months ended November 30, 2023, Capwest Investments Inc. (with Marc Branson as principal) received $132,400 in fees comprised of $nil for management services (November 30, 2022 $nil), $70,200 directors fees (November 30, 2022 $7,500), $30,000 consulting fees (November 30, 2022 $nil) comprised of cash payment, and $62,200 (November 30, 2022 $29,517) share based compensation comprised of Options and RSUs. Mr. Branson serves as an independent director of the Company.

For the nine months ended November 30, 2023, LMC Communications Inc. (with Jérôme Cliche as principal) received $103,933 in fees comprised of $33,000 for consulting services (November 30, 2022 $nil) and $70,933 (November 30, 2022 $nil) share based compensation comprised of Options and RSUs. On October 5, 2023, Mr. Cliche was appointed Vice President, Business Development of the Company.

For the nine months ended November 30, 2023, Z Six Financial Corporation (with Laurence W. Zeifman and his spouse as the shareholders) received $141,400 in fees comprised of $nil for management services (November 30, 2022 $nil), $70,200 directors fees (November 30, 2022 $9,000) comprised of cash payment, and $71,200 share based compensation (November 30, 2022 $25,590) comprised of Options and RSUs. Mr. Zeifman serves as Chairman and independent director of the Company.

For the nine months ended November 30, 2023, Siskos & Associates Inc. (with Garry Siskos as principal) received $178,439 in fees comprised of $nil for management services (November 30, 2022 $nil), $nil for directors fees (November 30, 2022 $nil), $125,000 for accounting services (November 30, 2022 $nil) comprised of cash payment, and $53,439 share based compensation (November 30, 2022 $nil) comprised of Options. Mr. Siskos served as the CFO and COO of the Company. As of September 1, 2023, Mr. Siskos resigned as CFO of the Company.

Due to related parties

As of November 30, 2023, $7,500 (February 28, 2023, $79,290) was included in accounts payable as amounts due to key management personnel for services received during the nine-month period then ended..

Breakdown of amounts due to related parties

	30-Nov-23	31-Aug-23	31-May-23	28-Feb-23
ExpoWorld Ltd.[(1)]	$7,500	$83,100	$7,500	$27,500
POF Capital Corp[(2)]	$0	$56,700	$0	$29,950
Peter Kent Investments Inc.[(3)]	$0	$33,600	$4,200	$10,540
Capwest Investments Inc.[(4)]	$0	$25,767	$3,087	$5,000
Z Six Financial Corporation[(5)]	$0	$22,680	$0	$6,300
Siskos & Associates Inc.	$0	$63,000	$0	$0
Total	$7,500	$284,847	$14,787	$79,290

Notes:

(1) Mr. Passalaqua is also the trustee of Shpirtrat Trust. ExpoWorld and Shpirtrat Trust may be considered joint actors with John Passalacqua.
(2) With principal of Mr. Kurtz, current CFO, CAO, Corporate Secretary, and Director of the Company.
(3) With principal of Mr. Kent, who resigned from his President and Director positions on August 31, 2023.
(4) With principal of Mr. Branson, the current independent Director of the Company.
(5) With principals of Mr. Zeifman and his spouse. Mr. Zeifman is the current Chairman and independent Director of the Company.
(6) In addition to the amounts disclosed above, the Company paid $48,240 to Mr. Laverdiere. Mr. Laverdiere and Mr. Cliche are considered related parties under securities law but not under IAS 24

FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash and investments at FVTPL and restricted cash and accounts payable at amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The following table sets forth the Company's financial assets measured at fair value by levels within the fair value hierarchy:

	As at November 30, 2023			
	Level 1 $	**Level 2 $**	**Level 3 $**	**Total $**
Cash	921,085	-	-	921,085
Investments	-	-	83,060	83,060
	921,085	**-**	**83,060**	**1,004,145**

The investments in Level 3 include the investment in IPL that is not quoted on an exchange. The cost approximates the fair value as there is insufficient more recent information available to measure fair value.

The Company is exposed in varying degrees to a variety of financial instrument related risks:

Credit risk
Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk and its maximum exposure relates to cash and restricted cash balances totaling $946,085.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company as at November 30, 2023, has $921,085 in cash and $25,000 in restricted cash and $500,078 in financial liabilities, which represents the Company's maximum exposure to liquidity risk.

The following are the contractual maturities of financial liabilities.

	As at November 30, 2023			
	Carrying amount $	**Contractual cash flows $**	**Less than 1 year $**	**1-3 years $**
Accounts payable	188,535	188,535	188,535	-
Accrued liabilities	311,543	311,543	311,543	-
	500,078	**500,078**	**500,078**	**-**

As at November 30, 2023, the Company has sufficient working capital to satisfy its financial liabilities.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing. If the Company is not successful in raising sufficient capital, the Company may have to curtail or otherwise limit its operations. From time to time the Company works to raise additional capital through private placements or other equity financing. The Company does not currently have any operations generating cash. The Company is therefore dependent upon debt and equity financing to carry out its plans. There can be no assurance that such financing will be available to the Company.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The risk that the Company will realize a loss as a result of a change in the interest rate is low, as the Company has no investments or liabilities with variable interest rates.

b) Foreign currency risk

As at November 30, 2023 and November 30, 2022, the Company's financial instruments are primarily denominated in Canadian dollars, its significant expenditures are in Canadian dollars, and any future equity raised is expected to be in Canadian dollars. As a result, the Company believes its currency risk to be minimal.

c) Price risk

Price risk is related to equity and commodity price risks. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level phase of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company holds an investment in privately held companies that are not quoted on an exchange and therefore have minimal exposure to price risk.

RISK FACTORS

The forward-looking information contained in this MD&A is based on the opinions, assumptions and estimates of management set out herein, which management believes are reasonable as at the date the statements are made. Those opinions, assumptions and estimates are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking information.

The risks and uncertainties affecting the forward-looking information contained in this MD&A are described in greater detail in the Company's Annual MD&A and the Annual Information Form dated November 29, 2023 for the year ended February 28, 2023, both available on the Company's profile on SEDAR+ www.sedarplus.ca.

For the nine months ended November 30, 2023, there have been no changes to the risks and uncertainties that have materially affected, or are reasonably likely to materially affect, the Company's forward-looking information.