ENVIROMETAL TECHNOLOGIES INC.

Management Discussion and Analysis

For the three and six months ended June 30, 2023 and 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of EnviroMetal Technologies Inc. ("EnviroMetal" or the "Company") supplements, but does not form part of, the unaudited condensed interim consolidated financial statements and the notes thereto for the three and six months ended June 30, 2023 and 2022 (collectively referred to hereafter as the ("Financial Statements"). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. This MD&A provides management's comments on the Company's operations for the three and six months ended June 30, 2023 and 2022 and the Company's financial condition as at June 30, 2023 and December 31, 2022.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, applicable to the preparation of financial statements, including International Accounting Standard 34 *Interim Financial Reporting*. All amounts are expressed in Canadian dollars unless otherwise stated. Other information contained in this document has been prepared by management and is consistent with the information contained in the Financial Statements.

The Company's certifying officers are responsible for ensuring that the Financial Statements and MD&A do not contain any untrue statement of a 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 certifying officers certify that the Financial Statements together with the other financial information included in the filings fairly present in all material respects the financial condition, financial performance, and cash flows of the Company as of the date of and for the periods presented in the filings.

In this MD&A, the words "we", "us", or "our", collectively refer to EnviroMetal and its subsidiaries. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The six months ended June 30, 2023 and 2022 are referred to as "YTD 2023" and "YTD 2022", respectively.

The Company's Board of Directors provides an oversight role with respect to all public financial disclosures by the Company.

Management is responsible for the preparation and integrity of the Company's financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is responsible for ensuring that information disclosed externally, including the information contained within the Company's financial statements and MD&A, is complete and reliable.

For a complete understanding of the Company's business environment, risks and uncertainties and the effect of accounting estimates on its results of operations and financial condition, this MD&A should be read together with the Company's Financial Statements.

This MD&A takes into account information available up to the approval of the financial statements and MD&A by the Board of Directors on August 24, 2023.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward looking statements and forward looking information (collectively referred to herein as ("forward looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward looking statements. Forward looking information is often, but not always, identified by the use of words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may", "projected", "sustain", "continues", "strategy", "potential", "projects", "grow", "take advantage", "estimate", "well positioned" or similar words suggesting future outcomes. These forward-looking statements include, without limitation, statements about our market opportunity, our strategies, ability to improve and expand our capabilities, competition, expected activities and expenditures as we pursue our business plan, the adequacy of our available cash resources, regulatory compliance, plans for future growth and future operations, the size of our addressable market, market trends, and the effectiveness of the Company's internal control over financial reporting. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements.

By their very nature, forward looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. Undue reliance should not be placed on forward looking statements, as a number of important factors could cause the actual results to differ materially from the Company's beliefs, plans, objectives and expectations, including, among other things: general economic and market factors, including business competition, changes in government regulations or in tax laws; the early stage development of the Company and its projects; general political and social uncertainties; commodity prices; the actual results of current research and development or operational activities; changes in project parameters as plans continue to be refined; accidents and other risks inherent in the technology and resource industries; lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting the Company; timing and availability of external financing on acceptable terms; conclusions of economic evaluations; and lack of qualified, skilled labour or loss of key individuals; commercialization of our technology and products, our status of relationship with partners; development and protection of our intellectual property and products; industry competition; our ability to sell our products and services in order to generate revenues; our proposed business model and our ability to execute thereon; adverse effects on the Company's business and operations as a result of increased regulatory, media or financial reporting issues and practices; rumors or otherwise; disease epidemics and health related concerns; and market or other changes that could result in noncash impairments of our property, plant and equipment. These factors should not be considered exhaustive. Many of these risk factors are beyond the Company's control and each contributes to the possibility that the forward-looking statements will not occur or that actual results, performance, or achievements may differ materially from those expressed or implied by such statements. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these risks, uncertainties and factors are interdependent and management's future course of action depends upon the Company's assessment of all information available at that time.

Management has included projections and estimates in this MD&A which are based primarily on management's experience in the industry, assessments of our results of operations, discussions, and negotiations with third parties and a review of information filed by our competitors with securities regulators or otherwise publicly available.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as at the date of this MD&A, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

We caution readers not to place undue reliance on any such forward-looking statements, which speak only as at the date made. We disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this MD&A are made as of the date of this MD&A and the Company does not undertake and is not obligated to publicly update such forward looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

NATURE OF BUSINESS

The Company was incorporated under the laws of the province of Alberta on October 16, 2016 and on December 4, 2020, the Company enacted a continuance from the province of Alberta to the province of British Columbia. The Company's offices are located at #208 – 6741 Cariboo Rd., Burnaby, British Columbia and the records office of the Company is at 1500, 1055 West Georgia St., Vancouver, British Columbia. The Company's principal business activity is to develop and market technologies for the extraction of precious and other valuable metals from mine products and electronic waste ("E-waste") in a safe, environmentally friendly, and sustainable manner. The Company is listed on the Canadian Securities Exchange (the "CSE") under the symbol ETI and began trading on March 30, 2017. In addition to the listing on the CSE, the Company trades on the OTCQX and Frankfurt Stock Exchange under the symbols EVLL and 7N2, respectively.

The Company's technology is appliable in the mining industry to recover gold from ores and concentrates, and in the recycling industry to recover gold and other valuable metals from printed circuit board assemblies and other E-waste. The Company is seeking opportunities to license its technology to companies in the mining and electronics recycling industries.

EnviroMetal's patented metal recovery technology ("EnviroMetal Process") is similar to other hydrometallurgical processes which leach gold, but the Company's proprietary lixiviant and unique process eliminate the use of toxic leaching agents such as sodium cyanide or strong acids and significantly reduces water consumption. EnviroMetal's metal recovery technology targets industry participants seeking an on-site processing solution with low logistics and third-party costs and a reduced environmental impact.

The Company's patented metal recovery technology creates strong differentiation in the marketplace and pending and awarded patents combined with the process knowledge required for use and site optimization create significant barriers for competitors to overcome. The EnviroMetal Process is cost competitive, safe, sustainable, and holds potential for multiple revenue streams.

OVERALL PERFORMANCE

In 2022, following a review of opportunities and market positioning in the mining and E-waste industries, EnviroMetal management elected close the Company's EnviroCircuit E-waste processing facility and focus on consulting and licensing opportunities. During the period ended June 30, 2023, the Company continued to pursue commercial relationships in the primary and secondary metals industries while advancing the wind up of the discontinued E-waste processing business.

Gold Mining

The EnviroMetal Process is the foundation of the Company's technology licensing business model. It provides miners a simple, on-site gold recovery solution which eliminates the need for sodium cyanide or smelting. The EnviroMetal Process incorporates proven technologies in a novel manner to address real challenges facing miners seeking to maximize return on investment while meeting environmental, social, and corporate governance obligations and goals.

Although the EnviroMetal Process addresses financial, operational, permitting, regulatory, risk, and social issues facing gold miners, the industry has historically been resistant to new processes and technologies. Recognizing the size and diverse nature of the gold mining industry, and the challenge of gaining acceptance for a new technology in a conservative industry, the Company's focus is on developing relationships potential clients most likely to benefit from the Company's innovative technology. The Company believes gaining technical validation will lead to wide acceptance within the gold mining industry.

For miners, the selection of a metal recovery technology is dependent on many factors including total metal recovery, capital costs, operating costs, permitting, site suitability, reliability, ease of use, industry standards and sustainability. As is the case with any metallurgical process, prior to adoption for use the processing technology must go through a series of progressive tests from lab through pilot scale in order to ensure the compatibility of the technology with the material to be processed. During the period ended June 30, 2023, EnviroMetal conducted amenability and recovery test work on client samples received from numerous clients and submitted proposals for initial or additional test work to clients.

E-waste

In response to the ongoing challenges in the E-waste industry the Company shifted its E-waste strategy from material processing to consulting and potentially licensing intellectual property to existing and new E-waste processors. EnviroMetal believes this new strategy will be less capital intensive and offer the potential for significantly higher margins than processing E-waste while aligning its E-waste and mining strategies.

During the six months ended June 30, 2023, the Company completed the closure of the Company's electronic waste processing facility, EnviroCircuit, and the sale of related equipment and surplus assets. All electronic processing equipment, and related assets at the EnviroCircuit facility in Surrey BC were sold through direct sales and auction. Any equipment applicable for the continued development of the EnviroMetal Process or for processing gold ores and concentrates were retained and relocated to the Company's primary facility located in Burnaby BC. For additional information relating to the discontinuance of E-waste processing and closing the EnviroCircuit facility please see Note 16 *Discontinued Operations* in the Company's Financial Statements.

Revenues

During the three and six months ended June 30, 2023, EnviroMetal recognized revenues of $63,626 and $80,798, respectively, attributable to discontinued operations from the sale of concentrates and other materials recovered at EnviroCircuit and no licensing or consulting revenues. During the six months ended June 30, 2022, the Company recognized revenues of $81,648 from consulting work, $231,459 from discontinued operations and $3,440,561 from the sale of 1,440 ounces of gold recovered from high grade gold bearing dust and other materials purchased from a Canadian gold mine.

RESULTS OF OPERATIONS

a) Operations

A summary of the Company's results of operations are as follows:

	Q2 2023	Q2 2022	**YTD 2023**	YTD 2022
	$	$	**$**	$
Revenue				
Consulting revenue	**-**	33,198	**-**	81,648
Sale of precious and other metals	**-**	(22,698)	**-**	3,440,561
	-	10,500	**-**	3,522,209
Operating expenses				
Operating costs (recovery)	**114,809**	(30,544)	**184,309**	3,264,218
Management and employee costs	**117,229**	328,596	**358,008**	673,020
General and administration	**203,940**	320,239	**482,941**	766,924
Share-based payments	**2,189**	428,160	**3,419**	428,160
	438,167	1,046,451	**1,028,677**	5,132,322
Net loss from operations	**438,167**	1,035,951	**1,028,677**	1,610,113
Other income (expenses)				
Depreciation	**(45,286)**	(137,445)	**(129,738)**	(176,508)
Foreign exchange	**(59)**	(23,281)	**212**	(27,528)
Gain on disposal of assets held for sale	**7,200**	-	**34,000**	-
Gain on lease buy-out	**2,496**	-	**2,496**	-
Interest income	**-**	1,339	**1,021**	1,988
Interest expense	**(17,158)**	(11,741)	**(25,396)**	(21,814)
Unrealized loss on investment in associate	**-**	(109,097)	**-**	(189,678)
	(52,807)	(280,225)	**(117,405)**	(413,540)
Loss from continuing operations	**(490,974)**	(1,316,176)	**(1,146,082)**	(2,023,653)
Loss and comprehensive loss from discontinued Operations	**(52,866)**	(608,989)	**(137,517)**	(1,132,973)
Net loss and comprehensive loss	**(543,840)**	(1,925,165)	**(1,283,599)**	(3,156,626)

Q2 2023 compared to Q2 2022

The Company had a loss from continuing operations of $490,974 compared to $1,316,176 in the prior year comparable period. The primary drivers of this decrease in net loss were as follows:

- Management and employee costs were $117,229 compared to $328,596 in the prior year comparable period. The reduction in employee related costs reflects adjustments to staffing levels in response to discontinuing operations at EnviroCircuit and difficult financial markets. Additionally, the Company received wage subsidies from Industrial Research Assistance Program ("IRAP") of $9,468 to support ongoing research programs.
- General and administrative decreased to $203,940 compared to $320,239 in the prior year comparable period as a result of additional consulting fees incurred in the prior year comparable, as the Company outsourced some accounting and other functions in response to a tight labour market and increased legal costs to support securing an injunction against Mineworx Technologies Inc. and a private placement completed in March 2022.
- Share-based payments were $2,189 compared to $428,160 in the prior year comparable period as a result of fewer vesting stock options in the current period.
- Depreciation was $45,286 compared to $137,445 in the prior year comparable period reflecting a higher balance of right-of-use assets in use during the prior year comparable.

- Unrealized loss on investment in associate was $nil compared to $109,097 in the prior year comparable period. The prior comparable period loss is related to an investment in Group 11, an entity over which the Company had significant influence in the prior year comparable. The Company wrote off the investment during the year ended December 31, 2022.
- Foreign exchange loss was $59 compared to $23,281 in the prior year comparable period as a result of a higher volume of transactions that were settled in US dollars in the prior year comparable.

Offsetting the decrease in net loss and comprehensive loss were changes to items as follows:

- Revenue was $nil compared to $10,500 in the prior year comparable period. The Company had revenue from processing mining materials for clients and licensing and consulting work for mining clients in the prior year comparable. Negative revenue amounts reflect differences between initial metals payments and final settlement for metals sold.
- Operating costs were $114,809 compared to recovery of $30,544 in the prior year comparable period. The Company received rent subsidies as part of the government program to reduce the impacts of COVID in the prior year comparable.
- Interest expense was $17,158 compared to $11,741 in the prior year comparable period as a result of the issuance of convertible notes in Q2 2023.

YTD 2023 compared to YTD 2022

The Company had a loss from continuing operations of $1,146,082 compared to $2,023,653 in the prior year comparable period. The primary drivers of this decrease in net loss were as follows:

- Operating costs were $184,309 compared to $3,264,218 in the prior year comparable period. Operating costs include costs associated with purchasing material for processing, labour and other processing related costs, and internal and external laboratory costs related to consulting work billed to clients. During the current period operating costs attributable to continuing operations were significantly lower as a result of not purchasing material for processing and limited consulting work.
- Management and employee costs were $358,008 compared to $673,020 in the prior year comparable period. The reduction in employee related costs reflects adjustments to staffing levels in response to discontinuing operations at EnviroCircuit and difficult financial markets. Additionally, the Company received wage subsidies from IRAP of $27,429 to support ongoing research programs.
- General and administrative was $482,941 compared to $766,924 in the prior year comparable period due to additional consulting fees incurred in the prior year comparable period as the Company outsourced some accounting and other functions in response to a tight labour market and increased legal costs associated with securing an injunction against Mineworx Technologies Inc. and a private placement completed in March 2022.
- Share-based payments were $3,419 compared to $428,160 in the prior year comparable period due to fewer vesting stock options in the current period.
- Depreciation was $129,738 compared to $176,508 in the prior year comparable period due to a higher balance of right-of-use assets were in use during the prior year comparable period.
- Unrealized loss on investment in associate was $nil compared to $189,678 in the prior year comparable period. The prior period loss is related to investment in Group 11, an entity over which the Company had significant influence in YTD 2022. The Company wrote off the investment during the year ended December 31, 2022.
- Foreign exchange loss was $212 compared to $27,528 in the prior year comparable period, as a result of a higher volume of transactions that were settled in US dollars in the prior year period.

Offsetting the decrease in net loss and comprehensive loss was changes to revenue to $nil from $3,522,209 in the prior year comparable period. The Company had revenue from processing mining materials for clients and licensing and consulting work for mining clients in the prior year comparable period.

b) Discontinued operations

A summary of the Company's result of discontinued operations is as follows:

	Q2 2023	Q2 2022	**YTD 2023**	YTD 2022
	$	$	**$**	$
Revenue (refund)	**63,626**	(12,798)	**80,798**	231,459
Operating costs	**-**	(1,754)	**-**	(318,513)
Management and employee costs	**(43,729)**	(180,952)	**(96,963)**	(361,905)
General and administrative expenses	**(20,373)**	(95,249)	**(50,512)**	(196,680)
Depreciation and amortization	**(61,460)**	(318,236)	**(122,920)**	(466,807)
Gain (loss) from disposal of assets	**9,070**	-	**52,080**	(20,527)
	(52,866)	(608,989)	**(137,517)**	(1,132,973)

The decrease in net loss of the current fiscal period compared to the prior period is a result of ceasing operations at EnviroCircuit prior to the start of the 2023 fiscal year.

SUMMARY OF QUARTERLY RESULTS

The following summarized financial data has been prepared in accordance with IFRS. This data should be read in conjunction with the Company's interim financial statements, and it consolidated annual financial statements for the respective periods. All net loss figures in the table are presented in Canadian dollars, the Company's functional currency.

A summary of the Company's summary of quarterly results are as follows:

	Q2 2023	Q1 2023	Q4 2022	Q3 2022
	$	$	$	$
Revenue (refund)	**-**	-	(63,885)	179,286
Net loss and comprehensive loss	**(543,840)**	(739,759)	(1,542,621)	(815,954)
Net loss per share, basic and diluted	**(0.00)**	(0.01)	(0.02)	(0.01)

	Q2 2022	Q1 2022	Q4 2021	Q3 2021
	$	$	$	$
Revenue (refund)	10,500	3,511,709	226,648	19,540
Net loss and comprehensive loss	(1,316,176)	(707,477)	(6,841,935)	(2,268,709)
Net loss per share, basic and diluted	(0.02)	(0.01)	(0.07)	(0.02)

The Company has yet to achieve consistent revenues from consulting and licensing activities or material processing, and therefore has un-predictable cashflows from these activities. Although EnviroMetal continues to pursue E-waste consulting and licensing opportunities the Company's primary focus is on mining related activities where projected margins are substantially higher, and risks are lower. EnviroMetal believes it will achieve consistent and increasing revenue over time by providing technical solutions which allow clients to unlock additional value in their operations. Negative revenues in periods reflect the impact of changing metal prices and exchange rates between sales estimate and final sale.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2023, the Company had $884,379 in cash (December 31, 2022 - $429,038) and working capital deficit of $1,423,336 (December 31, 2022 - $379,764). The decrease in working capital is primarily attributable to expenditures related to the closure of EnviroCircuit, general operating costs, and a reduction in assets held for sale.

A summary of the Company's contractual undiscounted cash flow requirements as at June 30, 2023, is as follows:

	< 1 year	1 - 3 years	3 - 5 years	>5 years	Total
	$	$	$	$	$
Accounts payable and accrued liabilities	723,912	-	-	-	723,912
Due to related parties	549,096	-	-	-	549,096
Loan payable	40,000	-	-	-	40,000
Lease liabilities	98,091	80,018	-	-	178,109
Interest payable	6,368	-	-	-	6,368
Convertible notes	215,200	-	-	-	215,200
Provision	1,089,685	-	-	-	1,089,685
Subscription liability	80,000	-	-	-	80,000
	2,802,352	**80,018**	**-**	**-**	**2,882,370**

Liquidity Outlook

The Company generates limited cash flows and is reliant on raising equity to fund working capital, research and development. The Company raises money through the sale of equity and from the exercise of convertible securities. Many factors influence the Company's ability to raise funds, including the health of the capital markets, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to several factors, including technology development costs, government and other external funding, business opportunities, and revenues from consulting and licensing activities.

Management currently follows a policy of raising only enough capital to carry out its near-term plans. This policy is intended to minimize share dilution by raising capital when the stock price is at higher levels. Management is encouraged by improving equity markets for innovative and green mining technologies and anticipates seeking additional sources of funding prior to the end of the fiscal year. Given volatility in equity markets, global economic uncertainty, and cost pressures there can be no certainty equity funding will be available to the Company or if available funding will be on acceptable terms. Management believes it will be able to raise equity capital as required but recognizes that there will be risks which may be beyond its control.

Capital Commitments

As at June 30, 2023, the Company did not have contractual obligations other than those disclosed in its Financial Statements. The Company expects that any property and equipment expenditures incurred, based on future needs, will be funded from working capital and/or from operating or capital leases.

Capital Resources

The Company may not have sufficient capital to cover its anticipated administrative overhead expenses for the next 12 months. To continue developing its technology and pursue licensing opportunities, EnviroMetal may be required to raise additional capital, and if capital is not available the Company will have to delay some planned activities and expenditures.

During the six months ended June 30, 2023, the Company issued convertible notes for total proceeds of $215,200.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

Related parties include directors and key management of the Company and entities controlled by these individuals. Key management personnel consist of senior management including the Chief Executive Officer.

A summary of the Company's compensation paid or accrued to directors and key management are as follows:

	Q2 2023	Q2 2022	**YTD 2023**	YTD 2022
	$	$	**$**	$
Consulting fees (1)	**75,000**	-	**150,000**	-
Directors' fees (2)	**67,320**	63,199	**136,338**	127,355
Salaries and benefits (3)	**102,500**	177,500	**205,000**	355,000
Share-based payments	**-**	330,240	**-**	330,240
General and administration (4)	**-**	4,200	**-**	8,400
	244,820	575,139	**491,338**	820,995

(1) Included in and presented as general and administration in the Results of Operations
(2) Included in and presented as general and administration in the Results of Operations
(3) Included in and presented as management and employee costs in the Results of Operations
(4) Included in and presented as general and administration in the Results of Operations

These amounts are unsecured, non-interest bearing, without specific repayment terms, are due on demand and have been incurred in the normal course of business. All transactions involving related parties are made on terms equivalent to those which prevail with arm's length transactions.

A summary of the Company's outstanding payables to related parties are as follows:

	June 30, 2023	December 31, 2022
	$	$
Directors' fees	**341,481**	252,498
Consulting fees	**207,615**	-
	549,096	252,498

PROPOSED TRANSACTIONS

The Company continually reviews potential merger, acquisition, investment, and other joint agreement and strategic transactions that could enhance shareholder value. However, as of the date of this MD&A, there are no proposed transactions currently under examination.

SIGNIFICANT ACCOUNTING POLICIES

There were no changes in the Company's accounting policies during the three and six months ended June 30, 2023. The accounting estimates, judgements and assumptions used in the preparation of the financial statements are consistent with those applied and disclosed in the annual audited consolidated financial statements for the years ended December 31, 2022 and 2021.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying value of the Company's financial assets and liabilities approximate their fair values due to their nature and their short-term to maturity.

The Company's current business involves consulting for clients, licensing its proprietary technology for the extraction of precious metals for the mining and E-waste industries and select processing of ores and concentrates, which exposes the Company to a variety of financial instrument related risks. These risks include foreign currency risk, credit risk, liquidity risk, market risk and other risks. The Company's board of directors provides oversight for the Company's risk management processes.

The Company's existing business involves the use of its proprietary technology for the extraction of precious metals for the mining and E-waste industries, which exposes the Company to a variety of financial instrument related risks. These risks include foreign currency risk, credit risk, liquidity risk, market risk and other risks. The Company's board of directors provides oversight for the Company's risk management processes.

a) Foreign currency risk

The Company is exposed to currency risk due to business transactions in foreign countries or currencies. The Company mainly transacts in Canadian dollars and United States dollars. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is subject to normal risks including fluctuations in foreign exchange rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. As at June 30, 2023, the Company was not exposed to significant foreign exchange risk.

As at June 30, 2023, the Company has accounts payable and accrued liabilities of $480,999 (USD $363,109) due in USD (December 31, 2022 - $6,390 (USD $4,673)). A 10% weakening against the US dollar of the currencies to which the Company had exposure would have had impact of approximately $48,000 on net liabilities (December 31, 2022 - $639). A 10% strengthening against the US dollar would have had the opposite effect.

b) Credit risk

The Company's credit risk is primarily attributable to cash and trade and other receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of accounts at reputable financial institution, from which management believes the risk of loss to be remote. In Canada, federal deposit insurance covers balances up to $100,000. As at June 30, 2023, management considers the Company's exposure to credit risk is minimal.

c) 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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

As at June 30, 2023, the Company had a cash balance of $884,379 (December 31, 2022 - $429,038) to settle current liabilities of $2,802,352 (December 31, 2022 - $2,345,510). As at June 30, 2023, management considers the Company to be exposed to liquidity risk.

The Company is not yet profitable and has relied on the issuance of equity securities, primarily through private placements and loans from related and other parties to fund its operations. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity or other funding.

RISKS AND UNCERTAINTIES

For a detailed listing of the risks and uncertainties faced by the Company, please refer to the Company's annual MD&A for the years ended December 31, 2022 and 2021 filed on SEDAR+.

NATURE OF SECURITIES

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

DISCLOSURE OF OUTSTANDING SHARE DATA

A summary of the Company's common share data is as follows:

	June 30, 2023	Date of the MD&A
	#	#
Common shares issued and outstanding	**107,928,458**	107,928,458
Stock Options	**9,875,000**	9,935,000
Warrants	**14,470,276**	14,470,276

COMMITMENTS

Other than obligations disclosed in the Financial Statements and elsewhere this MD&A the Company does not have any commitments.

ADDITIONAL INFORMATION

Additional disclosure concerning Midnight Sun's general and administrative expenses and exploration and evaluation assets expenditures is provided in the Company's Financial Statements. These Financial Statements are available on SEDAR+ at www.sedarplus.ca.

PROVISION

As at June 30, 2023 and December 31, 2022, the Company does not have contractual obligations other than disclosed in the consolidated financial statements.

EnviroMetal commenced a civil action against Regenx Technologies Corp. (formerly "Mineworx Technologies Ltd.") and related parties (jointly, the "Mineworx Defendants") in the Supreme Court of British Columbia in June 2021.

The Mineworx Defendants are purporting to be competing with EnviroMetal in the recovery of platinum group metals from spent catalysts using a chemical formula and process based on EnviroMetal's intellectual property ("IP") without a license to do so from EnviroMetal. These actions by the Mineworx Defendants are in breach of the access agreements, confidentiality agreements, as well as the asset purchase agreement between Mineworx and EnviroMetal dated December 19, 2016. These actions constitute a breach of confidence.

EnviroMetal is seeking, among other relief from the court, general, aggravated, and punitive damages against the Mineworx Defendants, an injunction prohibiting the Mineworx Defendants from using any confidential information or intellectual property belonging to EnviroMetal, and disgorgement of profit arising from such unauthorized use.

In January 2022, the court granted EnviroMetal's application for an injunction that, amongst other things, prohibits the Mineworx Defendants from disclosing any confidential information or intellectual property belonging to EnviroMetal until further court order.

Mineworx disputes EnviroMetal's claims and has commenced a counterclaim against EnviroMetal for, amongst other things, alleged breaches of various agreements between the parties. Some of Mineworx's claims are subject to arbitration clauses. As a result, Mineworx has served EnviroMetal with a notice to arbitrate those claims.
Prior to commencing the legal action against Mineworx, the Company provided the Mineworx Defendants with notices of breach and provided the required amount of time to remedy.

Due to the ongoing dispute with Mineworx, the Company recognized a provision of $1,089,685.