

ARCTIC FOX LITHIUM CORP.

(formerly Arctic Fox Ventures Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three Months Ended September 30, 2023

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FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023

This Management's Discussion and Analysis ("MD&A") of Arctic Fox Lithium Corp. ("Arctic" or the "Company"), prepared as of November 29, 2023, should be read in conjunction with the audited consolidated financial statements and the notes thereto for the period ended September 30, 2023 which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A contains certain forward-looking statements and information relating to the Company that is based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "may", "will", "anticipate", "plan", "intend", "estimate", "project", "continue", "believe", "estimate", "expect" and similar forward-looking terminology, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital and the estimated cost and availability of funding for the continued operation of the Company. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Although management believes that the expectations reflected in such forward-looking statements are reasonable, all forward-looking statements address matters that involve known and unknown risks, uncertainties and other factors and should not be read as guarantees of future performance or results. Accordingly, there are or will be a number of significant factors which could cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause actual future results, performance, or achievements to differ materially include, but are not limited to, our limited operating history, our reliance on key personnel, future capital needs, dependence on proprietary technology and limited protection thereof and general economic trends and international risk. The Company is subject to significant risks and any past performance is no guarantee of future performance. The Company cannot predict all of the risk factors, nor can it assess the impact, if any, of such risk factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. This MD&A offers a brief overview of some of the risk factors to be considered in relation to the Company's business. This list may not be exhaustive and new risk factors may emerge from time to time. We disclaim any intention or obligation to publicly update or revise any forward-looking statements after distribution of this MD&A, whether as a result of new information, future events or other circumstances, except as may be required pursuant to applicable securities laws.

DESCRIPTION OF BUSINESS

Arctic Fox Interactive Ltd. (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on February 19, 2013. On November 23, 2020, the Company changed its name to Arctic Fox Ventures Inc. On February 10, 2023, to better align with its focus on lithium projects in North America, the Company changed its name to Arctic Fox Lithium Corp.

On June 4, 2021, the Company's common shares were listed for trading on the Canadian Securities Exchange. The Company started trading under the trading symbol "AFX". On February 7, 2023, the Company was approved to be listed on the Frankfurt Stock Exchange (the "FSE") under the symbol 7N4. The Company's shares are now cross listed on the Canadian Securities Exchange and FSE.

The Company is a junior mining exploration company. Its current focus is on mineral exploration of its properties; Spius, Kana Lake, Pontax North, and Delta Lake as described below under "Spius Property", "Kana Lake Lithium Property", "Pontax North Lithium Property", and "Delta Lake Lithium Property", along with continuing to identify and potentially acquire additional property interests, assess their potential, and engage in exploration activities. The Company's head office is located at Suite 905, 1030 West Georgia Street, Vancouver, BC, V6E 2Y3.

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The Company was a technology company that was engaged in the development and potential subsequent commercialization of apps in the mobile gaming industry and has one game currently in operation. The Company intends to divest itself of this asset and concentrate its efforts on the mineral exploration of its properties.

Since inception on game development the Company has produced its initial gaming app, "After: The Lawless", a multiplayer online role-playing game that has been designed to be easily scaled to be played on Apple devices. After currently allows players to engage with each other and with the game itself. Players are able to interact and join other players in certain activities in the game. The Company will look at divesting itself of this app and put its resources to develop the mineral exploration of its properties.

Spilus Property

On October 20, 2020 (as amended on December 27, 2021, June 8, 2022, and September 29, 2022), the Company entered into a mineral property option agreement whereby the Company has the right to earn a 60% interest in certain mineral claims located in the Nicola and New Westminster Mining Districts in British Columbia, Canada.

The target at Spilus is a copper-molybdenum-gold porphyry deposit. The property is located in BC's Quesnellia Terrane, host to numerous significant porphyry deposits including Highland Valley, Copper Mountain, Prosperity, Afton, Ajax, Gibraltar, Mt Polley and Mt Milligan.

The regional geological framework is prominently marked by the Fraser River–Straight Creek fault system, representing a suture-like zone between two accreted terranes (Cadwallader and Bridge River terranes). This has produced a zone of ductile deformation favourable for hosting mineralization. The general claim area is underlain by the Mount Lytton Complex, a major, 160 km long intrusive complex trending northwest through central British Columbia. About 6 miles to the west, the granitic rocks are in fault contact with sediments of the Lower Cretaceous Jackass Mountain group.

The central part of the area is mostly underlain by the Eagle Granodiorite of Jurassic or later age. Based on field relations, the unit is interpreted to pre-date copper mineralization on the Property. Sulphide minerals, mostly pyrite, occur as disseminations and fracture coatings throughout the Eagle Granodiorite. Small, irregular, quartz-feldspar pegmatite bodies intrude the Eagle in several areas, some of which are mineralized.

A quartz-feldspar porphyry plug (QFP) intrudes the Eagle Granodiorite near the upper end of the Central Copper Anomaly. An intense quartz stockwork with minor sulphide cuts the feldspar porphyry. This may be the locus of mineralization in the area. Lamprophyre and felsic dykes intrude the older intrusions but are of minor importance.

A float boulder was discovered in 2016 assayed 2.53% Cu. It displayed intense potassic and sericitic alteration in a unique, unfoliated intrusive lithology that may represent the causative mineralizing intrusive, however the bedrock source of this sample has yet to be located.

Kana Lake Lithium Property

On January 27, 2023, in connection with the acquisition of Pipeline Capital Corp., the Company acquired the rights to an option agreement to acquire a 100% interest in 37 active mineral claims consisting of 2,100 hectares of land located in the James Bay region of Quebec, collectively known as the Kana Lake Lithium project.

In addition, on April 17, 2023, the Company entered into an option agreement to acquire a 100% interest in 51 additional claims covering 2,700 hectares adjacent to its Kana Lake Lithium project.

Subsequent to entering into the option agreements, the Company staked additional claims in the area bringing the total size to 5,976 hectares.

The 5,976 hectares Kana Lake Lithium Project is located 35 km North of the Fliszar lithium showing in the James Bay Region of Québec. During a summer/fall 2022 survey of the area of the property conducted

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by the Québec Ministère de l'Énergie et des Ressources Naturelles (MERN), field geologists identified a pegmatite trend over 6 kms long with at least 10 separate pegmatite outcrops, all now located within the Company's Kana Lake property boundary. The MERN geologist reported that some of the pegmatite exposures contain muscovite, tourmaline and garnet, indicating a hyperaluminous composition, suitable for the development of lithium mineralization. Most of the pegmatite occurrences within the Kana Lake property are over 900 meters square in size. The Company is not aware that any sampling of these pegmatites has yet been done to test for the presence of lithium. These occurrences are geologically similar to the Fliszar lithium pegmatites, where three grab samples rich in the lithium-bearing mineral lepidolite, returned up to 1.83% Li₂O, 0.34% Cs, 1.11% Rb, 126 ppm Nb, 374 ppm Ta and 0.3% B.

Arctic Fox intends to immediately complete a high resolution aeromagnetic survey to assist with tracing and confirming the pegmatite occurrences, with a follow-up ground survey including geological mapping and prospecting, soil and rock sampling, to be completed in Q2 2024.

Pontax North Lithium Property

On March 15, 2023, in connection with the acquisition of 1000383374 Ontario Inc., the Company acquired the rights to an option agreement to acquire a 100% interest in 34 active mineral claims consisting of 1,803 hectares of land located in the James Bay region of Quebec, collectively known as the Pontax North Lithium project.

Subsequent to entering into the option agreement, the Company staked additional claims in the area bringing the total size to 2,756 hectares.

The 2,756-hectare Pontax North Lithium Project consists of 52 active mineral claims and is located 12 kms south of Galaxy Resources Ltd. (ASX:GXY) now Allkem Ltd. (ASX/TSX:ALLKEM) ("Allkem") James Bay Lithium Project and 12 kms north of Stria Lithium Inc.'s (CSE:SRA) Pontax Lithium Project, located in northern Québec, approximately 130 kms east of James Bay and the Cree Nation's Eastmain community.

The claims within the northern portion of the Property contains a lithium prospective zone in a similar geological environment to Allkem's project. According to the Québec Ministère de l'Énergie et des Ressources Naturelles (MERN) this zone is characterized by the abundance of S-type pegmatitic granite intrusions, a lithology known for its Be, Li, Nb, and Ta potential. Beryl (a beryllium silicate mineral) is reported in several outcrops within this zone. The Property is known to contain a 10 kms long pegmatite trend as mapped by MERN. This trend appears to be underexplored, despite its recognized lithium potential. Swarms of lithium-bearing granitic dykes are present 12 kms north of the Property at Allkem's Cyr showing and at Stria Lithium's Pontax showing 12 kms to the south.

Delta Lake Property

On April 19, 2023, the Company entered into an option agreement to acquire a 100% interest in 20 active mineral claims consisting of 1,056 hectares of land located in the James Bay region of Quebec, collectively known as the Delta Lake Lithium project.

The 1,056 hectare Delta Lake Lithium project is located 55 km southeast of Allkem Ltd. (ASX/TSX:ALLKEM) ("Allkem") James Bay Lithium Project and 20 km north of Critical Elements Lithium Corp. (TSXV: CRE) ("CEL") Rose Lithium Project located in northern Québec.

The northwestern portion of the Property contains a lithium prospective zone in a similar geological environment to Allkem's project. According to the Québec Ministère de l'Énergie et des Ressources Naturelles ("MERN") this zone is characterized by the abundance of S-type pegmatitic granite intrusions, a lithology known for its Be, Li, Nb, and Ta potential. Beryl (a beryllium silicate mineral) is reported in several outcrops within this zone.

OVERALL PERFORMANCE

The Company is an exploration stage issuer engaged in the business of acquisition, exploration and, if warranted, development of mineral properties. As such, the Company has not had any revenues in the past two fiscal years. The Company does not expect to generate any revenues in the foreseeable future.

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The Company expects to continue to incur expenses as work is performed to explore and develop its exploration and evaluation assets.

SUMMARY OF QUARTERLY RESULTS

| | September 30, 2023 \$ | June 30, 2023 \$ | March 31, 2023 \$ | December 31, 2022 \$ |
|-----------------------------------|-----------------------------|------------------------|-------------------------|----------------------------|
| Total revenues | Nil | Nil | Nil | Nil |
| Net loss | (176,381) | (3,284,386) | (128,459) | (39,102) |
| Loss per share, basic and diluted | (0.00) | (0.10) | (0.00) | (0.00) |

| | September 30, 2022 \$ | June 30, 2022 \$ | March 31, 2022 \$ | December 31, 2021 \$ |
|-----------------------------------|-----------------------------|------------------------|-------------------------|----------------------------|
| Total revenues | Nil | Nil | Nil | Nil |
| Net loss | (27,278) | (33,959) | (38,954) | (40,904) |
| Loss per share, basic and diluted | (0.00) | (0.00) | (0.00) | (0.00) |

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2023, the Company had cash of \$523,803 (June 30, 2023 - \$474,476). As at September 30, 2023, the Company had working capital of \$417,254 (June 30, 2023 - \$269,101).

On July 17, 2023, the Company repaid \$65,000 of the promissory note described in Note 8(a).

On July 21, 2023, the Company issued 1,033,333 non flow-through units at \$0.15 per unit for gross proceeds of \$155,000 and 2,600,000 flow-through units at \$0.18 per unit, for gross proceeds of \$468,000. Each non flow-through unit consisted of one common share and one share purchase warrant, with each warrant exercisable at \$0.25 per common share expiring on July 21, 2025. Each flow-through unit consisted of one common share and one-half of one share purchase warrant, with each whole warrant exercisable at \$0.25 per common share expiring on July 21, 2025. In connection with the private placement, the Company paid a finder's fee of \$39,600, and issued 174,000 finder's warrants. Each finder's warrant is exercisable \$0.25 per common share expiring on July 21, 2025. Of the 1,033,333 non flow-through units issued, 400,000 units were issued to settle \$60,000 of the promissory note described in Note 8(a).

On July 21, 2023, the Company issued 120,000 common shares pursuant to the promissory note described in Note 8(a).

On October 16, 2023, the Company issued 666,667 common shares to settle accounts payable of \$50,000.

The Company may have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

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Three months ended September 30, 2023:

Operating activities

For the three months ended September 30, 2023, the Company's operating activities used cash of \$147,707 compared to \$19,080 for the three months ended September 30, 2022.

Investing activities

For the three months ended September 30, 2023, the Company used cash of \$198,866 for exploration and evaluation of asset expenditures compared to \$Nil for the three months ended September 30, 2022.

Financing activities

For the three months ended September 30, 2023, the Company was provided cash of \$395,900 compared to cash of \$9,000 from financing activities for the three months ended September 30, 2022.

Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued capital.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

During the period ended September 30, 2023, the Company was involved in the following related party transactions:

- (a) As at September 30, 2023, the amount of \$3,060 (June 30, 2023 – \$5,379), included in accounts payable and accrued liabilities, is owed to the Chief Executive Officer of the Company ("CEO") which is unsecured, non-interest bearing, and due on demand.
- (b) During the period ended September 30, 2023, the amount of \$18,000 (2022 – \$9,000) was incurred to a company controlled by the Chief Executive Officer of the Company for management fees.
- (c) During the period ended September 30, 2023, the amount of \$15,000 (2022 - \$9,000) was incurred to a company controlled by the Chief Executive Officer and the Chief Financial Officer of the Company for rent and administration fees.
- (d) During the period ended September 30, 2023, the amount of \$9,000 (2022 - \$6,000) was incurred to a company controlled by the Chief Financial Officer of the Company for professional fees.

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FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which includes cash, accounts payable and accrued liabilities, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with a high credit quality financial institution. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

(e) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

RECENT ACCOUNTING STANDARDS

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended September 30, 2023 and have not been early adopted in preparing the consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

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ADDITIONAL DISCLOSURE FOR COMPANIES WITHOUT SIGNIFICANT REVENUE

An analysis of material components of the Company's general and administrative expenses is disclosed in the interim consolidated financial statements for the period ended September 30, 2023 to which this MD&A relates.

An analysis of material components of the Company's exploration and evaluation assets is disclosed in the interim consolidated financial statements for the period ended September 30, 2023 to which this MD&A relates.

DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital

As at November 29, 2023, the Company had 58,882,381 shares issued and outstanding.

Share Purchase Warrants

As at November 29, 2023, the Company had 8,088,330 share purchase warrants outstanding.

Stock Options

As at November 29, 2023, the Company had 4,000,000 stock options outstanding.

OTHER

Additional disclosures pertaining to the Company's material change reports, press releases, and other information are available on the SEDAR website at www.sedar.com.