Nova Pacific Metals Corp.
(Formerly Nova Lithium Corp.)

Management's Discussion and Analysis of Results of
Operations and Financial Condition of Nova Pacific Metals Corp.
For the year ended June 30, 2024
(Expressed in Canadian Dollars)

Introduction

The following Management Discussion and Analysis ("MD&A") of Nova Pacific Metals Corp. (formerly Nova Lithium Corp.) (the "Company") has been prepared by management in accordance with the requirements of National Instrument 51-102 ("NI 51-102") as of October 28, 2024 and should be read in conjunction with the audited consolidated financial statements of the Company for the years ended June 30, 2024 and 2023, and the related notes contained therein. The Company's financial statements have been prepared under International Financial Reporting Standards ("IFRS"). 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.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

Overview

The Company was originally incorporated as Halcyon Ventures Inc. on March 7, 2017 under the *Business Corporations Act* (British Columbia) (the "BCBCA"). On June 11, 2021, the Company changed its name from Halcyon Ventures Inc. to Nova Lithium Corp. On July 8, 2024, the Company changed its name from Nova Lithium Corp. to Nova Pacific Metals Corp. The Company's head office and principal business address is Suite 306, 1110 Hamilton Street, Vancouver, BC, V6B 2S2. The Company is primarily engaged in the acquisition, exploration and development of mineral projects.

Exploration Activities

Deer Musk West Project

On March 12, 2021, the Company acquired a 100% interest in certain mineral claims known as the Deer Musk West Project (the "DMW Project") by issuing 2,000,000 shares with a fair value of $40,000 to an arm's length vendor. The claims encompass a total area of approximately 1,550 hectares (3,832 acres) of public land in southern Clayton Valley, Nevada, USA.

On May 12, 2022, the Company established a wholly owned Nevada subsidiary, Nova Lithium USA Corp. ("Nova USA"), to hold title to the DMW Project.

Subsequent to year end, the Company chose to abandon the claims comprising the property and, as a result, has written off all deferred costs as at June 30, 2024.
costs as at June 30, 2024.

Edwards Creek Valley Property

On January 31, 2023, the Company entered into a mineral property option agreement (the "Option Agreement") with Ameriwest Lithium Inc. ("Ameriwest"), a company with directors in common. Pursuant to the Option Agreement, Nova USA acquired the exclusive right and option (the "Option") to purchase a 51% undivided interest in and to the Edwards Creek Valley Project (the "ECV Project") presently owned by Ameriwest's wholly owned Nevada subsidiary. The ECV Project consists of 1,243 contiguous placer mineral claims covering approximately 22,200 acres in Churchill County, Nevada. In order to exercise the Option, Nova USA is required to incur qualifying exploration expenditures of at least $500,000 on the ECV Project over a period of 24 months, including not less than $200,000 during the first 12 months. Neither the Company nor Nova USA is required to complete any cash payments or issue any securities in connection with the granting or exercise of the Option. Upon the exercise of the Option, a joint venture will automatically be formed between Nova USA and Ameriwest's wholly owned Nevada subsidiary in accordance with the terms of the Option Agreement.

On June 3, 2024, the Company, Nova USA, Ameriwest and Oakley USA entered into a settlement and termination agreement (the "Settlement Agreement"). The Settlement Agreement provided for the immediate termination of the Option Agreement and all related obligations, and also required the Company to pay $105,000 to Ameriwest in the form of 1,500,000 common shares of the Company at a deemed price of $0.07 per share, which shares were formally issued on the date of the Settlement Agreement.

Lara Project

On June 14, 2024, the Company entered into an option agreement (the "Option Agreement2") with two arm's length vendors (the "Lara Vendors") to acquire a 100% interest in four mineral claims known as the "Lara" deposit (the "Lara Project").

In order to exercise the option, the Company is obligated to pay the Lara Vendors an aggregate of $250,000 in cash as follows: $25,000 on or before June 17, 2024 (paid); $50,000 on or before December 1, 2024; $50,000 on or before April 1, 2025; $50,000 on or before August 1, 2025; and $75,000 on or before February 1, 2026.

Upon the Commencement of Commercial Production (as that term is defined in the Option Agreement2) on the Lara Project, the Company is required to pay a royalty to the Lara Vendors equal to an aggregate of 2% of net smelter returns. The Company may reduce the royalty at any time from 2% to 1% by paying the sum of $2,000,000 to the Lara Vendors, and also has the right to accelerate the exercise of the option by making all the required cash payments in advance of any deadline dates.

In connection with the Option Agreement2, the Company paid a finder's fee of $64,000 by issuing 400,000 common shares of the Company to Dal Brynelsen, an arm's length individual who was subsequently appointed as a director of the Company, at a deemed price of $0.16 per share.

<u>Results of Operations</u>

Annual Results

The following table presents selected annual financial information of the Company for the previous three years:

	Year ended June 30, 2024	Year ended June 30, 2023	Year ended June 30, 2022
Revenue	$ Nil	$ Nil	$ Nil
Loss and comprehensive loss for the year	(1,278,965)	(242,818)	(164,584)
Exploration and evaluation assets	103,282	516,375	414,689
Total assets	169,165	545,257	781,867
Loss per share	(0.06)	(0.01)	(0.01)

Quarterly Results

The following is a summary of the Company's financial results for the last eight quarters:

	June 30, 2024	**March 31, 2024**	**December 31, 2023**	**September 30, 2023**
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Loss and comprehensive loss for the period	(986,161)	(72,699)	(102,481)	(117,624)
Exploration and evaluation assets	103,282	859,468	859,468	852,050
Total assets	169165	905,934	924,227	900,713
Loss per share	(0.05)	(0.00)	(0.00)	(0.01)

	June 30, 2023	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Loss and comprehensive loss for the period	(8,450)	(20,649)	(65,329)	(148,390)
Exploration and evaluation assets	516,375	480,154	480,095	464,161
Total assets	545,257	544,543	561,717	676,619
Loss per share	(0.00)	(0.00)	(0.00)	(0.01)

The following two sections include a discussion of factors that have caused variations over the quarters in which the Company has carried on substantial operations. There are no other known trends or seasonality that have developed with respect to the Company's business.

Results for the year ended June 30, 2024

The Company incurred a net loss of $1,278,965 for the year ended June 30, 2024, as compared to a net loss of $242,818 for the year ended June 30, 2023.

Expenses details are as follows:

- Share-based compensation of $254,300 (2023 - $42,500) – the difference is due to an increase in the number of stock options granted in the current year versus the prior year.
- Consulting fees of $141,000 (2023 - $36,000) – the difference is due to an increase in consultants in the current year.
- Professional fees of $81,201 (2023 - $92,412) – the difference is due to fees in the prior year related to the Company securing eligibility from the Depository Trust Company (DTC) for its common shares in the United States.
- Filing fees of $29,569 (2023 - $30,404) – the difference is negligible.

- Rent expense of $24,000 (2023 - $Nil) – the difference is due to the Company entering into a lease agreement for office space in the current year.
- General and administrative expenses $50,413 (2023 - $32,502) – the difference is due to an increase in administrative activity.
- Advertising and promotion expenses of $14,194 (2023 - $9,000) – the difference is due to an increase in promotional expenses.
- Termination fees of $105,000 (2023 - $Nil) – the difference is due to the fee required under the Settlement Agreement for the termination of the Option Agreement for the Edwards Creek Valley Project.
- Interest on loans of $12,000 (2023 - $Nil) – the difference is due to the Company's loans in the current year.
- Impairment of exploration and evaluation assets of $567,288 (2023 - $Nil) – the difference is due to the Company writing off all deferred costs related to the Lara Project and terminating the agreement for the Edwards Creek Valley Project in the current year.

Results for the three months ended June 30, 2024

The Company had a net loss of $986,161 for the three months ended June 30, 2024, compared to a net loss of $8,450 for the three months ended June 30, 2023.

Expenses details are as follows:

- Share-based compensation of $154,000 (2023 - $Nil) – the difference is due to stock options granted in the current period.
- Consulting fees of $39,000 (2023 – ($21,163)) – the difference is due to a reclassification of consulting fees in the prior period and an increase in consultants in the current period.
- Filing fees of $20,607 (2023 - $12,348) – the difference is due to the timing of invoices in the current period.
- Professional fees of $46,286 (2023 - $9,925) – the difference is due to an increase in the Company's legal and accounting expenses in the current period.
- Rent expense of $9,000 (2023 - $Nil) – the difference is due to the Company entering into a lease agreement for office space in the current year.
- General and administrative expenses $27,786 (2023 - $7,340) – the difference is due to an increase in administrative activity.
- Advertising and promotion expenses of $14,194 (2023 - $Nil) – the difference is due to an increase in promotional expenses.
- Termination fees of $105,000 (2023 - $Nil) – the difference is due to the fee required under the Settlement Agreement for the termination of the Option Agreement for the Edwards Creek Valley Project.
- Interest on loans of $3,000 (2023 - $Nil) – the difference is due to the Company's loan in the current period.
- Impairment of exploration and evaluation assets of $567,288 (2023 - $Nil) – the difference is due to the Company writing off all deferred costs related to the Lara Project and terminating the agreement for the Edwards Creek Valley Project in the current year.

<u>Liquidity and Capital Resources</u>

The Company will continue to require funds for exploration work, as well as to meet its ongoing day-to-day operating expenses, and will continue to rely on equity financing during such period. There can be no assurance that financing will be available to the on terms satisfactory to the Company. The Company does not have any other commitments for material capital expenditures over the near and long term other than as disclosed above plus normal operating expenses.

Since incorporation, the Company's capital resources have been limited. The Company has relied principally upon the issuance of equity securities to acquire interests in mineral properties.

The Company had a working capital deficit of $291,789 as at June 30, 2024.

During the year ended June 30, 2024, 400,000 options were exercised resulting in the issuance of 400,000 common shares of the Company for total cash proceeds of $40,000.

During the year ended June 30, 2024, 500,000 options expired unexercised.

On August 15, 2023, the Company granted options to purchase an aggregate of 590,000 common shares of the Company to various directors and officers of the Company. Each option vests immediately and is exercisable into one common share at a price of $0.23 per share for a period of five years.

On January 25, 2024, the Company amended the expiry date of an aggregate of 10,000,000 share purchase warrants that were scheduled to expire on March 9, 2024 for a further two years. The new expiry date of the warrants is March 9, 2026.

On June 25, 2024, the Company granted options to purchase an aggregate of 750,000 common shares of the Company to various directors and officers of the Company. Each option vests immediately and is exercisable into one common share at a price of $0.16 per share for a period of five years.

On July 8, 2024, the Company granted options to purchase an aggregate of 210,000 common shares to various directors of the Company. Each option vests immediately and is exercisable into one common share at a price of $0.25 per share for a period of five years.

On July 11, 2024, the Company issued 350,000 common shares upon the exercise of warrants for total proceeds of $35,000.

On July 19, 2024, the Company issued 250,000 common shares upon the exercise of warrants for total proceeds of $25,000.

On July 22, 2024, the Company issued 625,000 common shares upon the exercise of warrants for total proceeds of $62,500.

On August 22, 2024 the Company announced a non-brokered private placement (the "Private Placement") for gross proceeds of up to $2,000,000. The Private Placement will consist of up to 8,000,000 units (the "Units") at a price of $0.25 per Unit. Each Unit will be comprised of one common share of the Company and one warrant, with each warrant allowing the holder to purchase an additional common share at an exercise price of $0.40 for a period of two years.

On September 9, 2024, the Company issued 500,000 shares upon the exercise of warrants for total proceeds of $50,000.

On September 12, 2024, the Company granted options to purchase an aggregate of 125,000 common shares to a director of the Company. Each option vests immediately and is exercisable into one common share at a price of $0.37 per share for a period of five years.

On October 1, 2024, the Company announced an increase to the Private Placement to 12,000,000 Units for gross proceeds of up to $3,000,000.

While the information in this MD&A has been prepared in accordance with IFRS on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future, there are conditions and events that cast significant doubt on the validity of this presumption. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. While the Company is making its best efforts in this regard, the outcome of these matters cannot be predicted at this time.

Disclosure of Outstanding Security Data

As at the date of this MD&A, the Company had the following:

- 25,712,100 shares outstanding

- Options

Exercise price ($)	Number of options	Expiry Date
0.10	350,000	July 21, 2025
0.10	200,000	November 16, 2026
0.23	590,000	August 15, 2028
0.16	750,000	June 25, 2029
0.25	210,000	July 8, 2029
0.37	125,000	September 12, 2029
	2,225,000	

- Warrants

Exercise price ($)	Number of warrants	Expiry Date
0.10	7,025,000	March 9, 2026
0.50	7,410,000	May 31, 2025
	14,435,000	

Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

Transactions with Related Parties

As at June 30, 2024, the accounts payable and accrued liabilities included $147,720 (2023 - $4,725) due to related parties. This is comprised of the following:

- $92,250 (2023 - $Nil) due to J Malcolm Bell, the Chief Executive Officer and director of the Company;
- $37,450 (2023 - $3,150) due to Patrick M. O'Flaherty Inc., a company controlled by Patrick O'Flaherty, the Chief Financial Officer and a director of the Company; and
- $18,020 (2023 - $1,575) due to Glow Corporate Services Inc., a company controlled by Melissa Vettoretti, the Corporate Secretary of the Company.

These amounts are unsecured and non-interest bearing with no stated terms of payment.

During the year ended June 30, 2024, the Company had the following transactions with related parties:

- $105,000 (2023 - $Nil) was paid or accrued to Mr. Bell for consulting and advisory services;
- $36,000 (2023 - $36,000) was paid or accrued to Patrick M. O'Flaherty Inc. for consulting services;
- $30,000 (2023 - $31,500) was paid or accrued to Glow Corporate Services Inc. for professional services;
- $Nil (2023 - $15,000) was paid or accrued to Port Mercantile Holdings (BC) Ltd., a company controlled by Ryan Arthur, a former director of the Company, for consulting services; and
- $254,300 (2023 - $37,500) was incurred from the grant of 1,340,000 (2023 - 750,000) incentive stock options to various directors and officers of the Company.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from management's estimates.

Adoption of New and Amended Accounting Standards

Please refer to the audited consolidated financial statements for the years ended June 30, 2024 and 2023.

Financial Instruments

Please refer to the audited consolidated financial statements for the years ended June 30, 2024 and 2023.

Proposed Transactions

There are no proposed transactions that have not been disclosed herein.

Contingencies

There are no contingent liabilities.

Additional Disclosure for Venture Issuers without Significant Revenue

Exploration and Evaluation Assets

The Company records its interests in exploration and evaluation assets and areas of geological interest at cost. All direct and indirect costs relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the assets to which they relate are placed into production, sold or management has determined there to be impairment. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production.

The recorded cost of exploration and evaluation asset interests is based on cash paid, the assigned value of share considerations issued for exploration and evaluations and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

The Company defers all exploration expenses relating to exploration and evaluations assets and areas of geological interest until the properties to which they relate are placed into production, sold or abandoned or management has determined there to be impairment. These costs will be amortized over the proven reserves available on the related property following commencement of production.

Please refer to the audited consolidated financial statements for the years ended June 30, 2024 and 2023 for details of the Company’s exploration and evaluation assets.

Forward-looking Information

Certain information in this MD&A, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information may include, but is not limited to, information which reflect management’s expectations regarding the Company’s future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Often, this information includes words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate” or “believes” or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

In making and providing the forward-looking information included in this MD&A, the Company’s assumptions may include among other things: (i) assumptions about the price of metals; (ii) that there are no material delays in the optimisation of operations at the properties; (iii) assumptions about operating costs and expenditures; (iv) assumptions about future production and recovery; (v) that there is no unanticipated fluctuation in foreign exchange rates; and (vi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of metals; (ii) the risk that the Company will continue to have negative operating cash flow; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; (v) adverse fluctuations in foreign exchange rates; and (vi) environmental risks and changes in environmental legislation.

This MD&A contains information on risks, uncertainties and other factors relating to the forward-looking information (see "Risks and Uncertainties"). Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

Risks and Uncertainties

Early Stage – Need for Additional Funds

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required.

Although the Company has been successful in the past in obtaining financing though the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

Operating Hazards and Risks

Mining operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to the exploration, development and production of metals, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage.

Environmental Regulations, Permits and Licenses

The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, safety and other matters. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in impositions of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a direction of stricter standards and enforcement, and higher fines and penalties for non-responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or productions costs, a reduction in the level of production at producing properties, or require abandonment or delays in the development of new mining properties.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all its phases. The Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company’s ability to acquire suitable properties or prospects in the future.

The Company may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party and it may have its interest in properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, the Company may not be able to finance the expenditures required to complete recommended programs.

Price Volatility of Public Stock

In recent years securities markets have experienced extremes in price and volume volatility. The market price of securities of many early stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company’s securities will be subject to market trends generally and the value of the Company’s securities may be affected by such volatility.

Economic Conditions

Unfavorable economic conditions may negatively impact the Company’s financial viability as a result of increased financing costs and limited access to capital markets.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Conflicts of Interest

The Company's directors and officers may serve as directors and officers or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the BCBCA in dealing with conflicts of interest. These provisions state that where a director/officer has such a conflict, the director must arrange a meeting of the board to disclose his interest and must refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.