
Industria Metals Inc.

Management Discussion and Analysis

For the three and six month periods ended June 30, 2020 and 2019

(Expressed in Canadian dollars)

INDUSTRIA METALS INC.*Management Discussion and Analysis*

June 30, 2020

MANAGEMENT DISCUSSION AND ANALYSIS**PERIOD ENDED JUNE 30, 2020****INTRODUCTION**

The Management Discussion & Analysis has been prepared by management and reviewed and approved by the Board of Directors on August 28, 2020. The following discussion of performance, financial condition and future prospects should be read in conjunction with the unaudited condensed interim financial statements and the related notes thereto for the periods ended June 30, 2020 and June 30, 2019, and in conjunction with the audited annual financial statements and the related notes thereto for the years ended December 31, 2019 and 2018. The information provided herein supplements but does not form part of the condensed interim financial statements. This discussion covers the period ended June 30, 2020 and the subsequent period up to August 28, 2020, the date of issue of this MD&A. Monetary amounts in the following discussion are in Canadian dollars unless otherwise noted.

Additional information regarding the Company can be found on the Company's page at www.sedar.com.

This MD&A contains Forward Looking Information.
Please read the Cautionary Statements on page 3 carefully.

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FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking statements or forward-looking information within the meaning of applicable Canadian securities laws. All statements and information, other than statements of historical fact, included in or incorporated by reference into this MD&A are forward-looking statements and forward-looking information, including, without limitation, statements regarding activities, events or developments that we expect or anticipate may occur in the future. Such forward-looking statements and information can be identified by the use of forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue" or similar words and expressions or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which such forward-looking statements and information are based will occur or, even if they do occur, will result in the performance, events or results expected.

The forward-looking statements and forward-looking information reflect the current beliefs of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors which could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed in or implied by the forward-looking statements. This forward-looking information includes estimates, forecasts, plans, priorities, strategies and statements as to the Company's current expectations and assumptions concerning, among other things, ability to access sufficient funds to carry on operations, compliance with current or future regulatory regimes, particularly in the case of ambiguities, financial and operational performance and prospects, collection of receivables, anticipated conclusions of negotiations to acquire projects or investments, our ability to attract and retain skilled staff, expectations of market prices and costs, expansion plans and objectives, requirements for additional capital, the availability of financing, and the future development and costs and outcomes of the Company's projects or investments. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.

We caution readers of this MD&A not to place undue reliance on forward-looking statements and information contained herein, which are not a guarantee of performance, events or results and are subject to a number of risks, uncertainties and other factors that could cause actual performance, events or results to differ materially from those expressed or implied by such forward-looking statements and information. These factors include: unanticipated future operational difficulties (including cost escalation, unavailability of materials and equipment, industrial disturbances or other job action and unanticipated events related to health, safety and environmental matters); social unrest; failure of counterparties to perform their contractual obligations; changes in priorities, plans, strategies and prospects; general economic, industry, business and market conditions; disruptions or changes in the credit or securities markets; changes in law, regulation, or application and interpretation of the same; the ability to implement business plans and strategies, and to pursue business opportunities; rulings by courts or arbitrators, proceedings and investigations; inflationary pressures; and various other events, conditions or circumstances that could disrupt the Company's priorities, plans, strategies and prospects including those detailed from time to time in the Company's reports and public filings with the Canadian securities administrators, filed on [SEDAR](#).

This information speaks only as of the date of this MD&A. The Company undertakes no obligation to revise or update forward-looking information after the date of this document, nor to make revisions to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws or the policies of the TSX-V exchange.

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THE COMPANY

Industria Metals Inc. ("Industria" or "the Company") was incorporated under the Business Corporations Act (British Columbia) on June 16, 2017. The Company is a reporting issuer in British Columbia, and Alberta, but does not trade on a stock exchange.

The Company's current business is acquiring and exploring mineral properties.

RECENT EVENTS

Financing activities

During the year ended December 31, 2019, the Company issued 1,200,000 common shares for total proceeds of \$60,000, of which \$20,000 was received in the 2018 calendar year.

During the period ended June 30, 2020, the Company did not issue any common shares.

SUMMARY OF QUARTERLY RESULTS

Quarter ended	30-Jun-20	31-Mar-20	31-Dec-19	30-Sep-19
Revenue ⁽¹⁾	-	-	-	-
Loss for the quarter	\$ (9,086)	\$ (16,773)	\$ (13,399)	\$ (12,269)
Loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

Quarter ended	30-Jun-19	31-Mar-19	31-Dec-18	30-Sep-18
Revenue ⁽¹⁾	-	-	-	-
Loss for the quarter	\$ (13,615)	\$ (36,204)	\$ (69,867)	\$ (30,477)
Loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

⁽¹⁾ this being a Company without operations or investments, there are no revenues from operations or investments;

Loss for the quarter ended June 30, 2020

Losses of \$9,086 in the three months ended June 30, 2020 ("Q220") decreased slightly from losses of \$13,615 in the three months ended June 30, 2019 ("Q219"), primarily resulting from decreased audit fees of \$1,833 in Q220 compared to \$4,579 in Q219. Losses of \$16,773 in the three months ended March 31, 2020 ("Q120") decreased significantly from losses of \$36,204 in the three months ended March 31, 2019 ("Q119"), primarily resulting from decreased consulting and property exploration expenses, as a result of the decreased business operations since the property option agreements entered into during Q419. Losses for the three months ended December 31, 2019 ("Q419") and September 30, 2019 ("Q319") were significantly lower than losses for the comparable periods of the prior year ("Q418" and "Q318", respectively). This was primarily due to property investigation costs in relation to the property option agreement entered into in Q418.

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Loss for the six months ended June 30, 2020

Losses of \$25,859 in the six months ended June 30, 2020 ("H1-20") represent the approximate steady-state operational costs of the Company, and are less than losses of \$49,819 for the six month period ended June 30, 2019 ("H1-19"). This is largely due to the decrease in property investigation, from \$10,310 in H119 to \$Nil in H120, as a result of reduced property exploration activity during H120. Additionally, consulting fees decreased from \$9,325 in H119 to \$2,400 in H120.

Cash flows for the six months ended June 30, 2020

During the six-months ended June 30, 2020, operating activities generated cash of \$1,708 and investing activities generated cash of \$203, while there were no financing activities, for a total increase in cash during the period of \$1,911. During the six months ended June 30, 2019, the Company received \$40,000 cash in share subscriptions for a private placement that had yet to close. Operating activities offset financing activities using \$64,483 in cash, for a total decrease in cash during the period of \$24,483.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital¹ deficit of \$142,716 as of June 30, 2020 (December 31, 2019: deficit of \$117,060). The Company does not have revenues from operations, and relies on outside funding for its continuing financial liquidity. The Company will need additional financing in order to continue operations.

Management cautions that the Company's ability to raise additional funding is not certain. Additional funds will be required in order to pursue the Company's current business plans. An inability to raise additional funds would adversely impact the future assessment of the Company as a going concern.

CHANGES IN ACCOUNTING POLICIES

Accounting policies used in the period are as set out in the Company's audited annual financial statements for the year ended December 31, 2019, with the adoption of updated policies to comply with evolving International Financial Reporting Standards, which are described in Note 2 of the condensed interim financial statements for the period ended June 30, 2020.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest risk arising from the financial instruments. The Company is exposed to credit risk in relation to the receivables balances, however, most receivables are in relation to sales tax due from the Canadian government. Credit risk is managed for receivables by seeking prompt payment, monitoring the age of receivables, and making follow up inquiries when receivables are not paid in a timely manner. The Company does not engage in any hedging activities. Financial instruments do not generally expose the Company to risk that is significant enough to warrant reducing via purchasing specific insurance or offsetting financial instruments. Further discussion of these risks is presented in Note 3 of the Company's condensed interim financial statements, for the period ended June 30, 2020.

¹ Working capital, a non-GAAP-measure is defined as current assets net of current liabilities.

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RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel at the Company are the directors and officers of the Company. The remuneration of key management personnel during the periods is as follows:

	Period ended June 30, 2020		Period ended June 30, 2019	
Director remuneration ¹	\$	-	\$	10,730
Officer remuneration ¹	\$	12,000	\$	10,800
Share-based payments	\$	-	\$	-

¹ Remuneration consists exclusively of salaries, bonuses, health benefits if applicable and consulting fees for key management personnel.

Other than the amounts disclosed above, there were no short-term employee benefits or share-based payments granted to key management personnel during the periods ended June 30, 2020 and 2019.

Included in accounting and corporate secretarial fees is \$13,100 (period ended June 30, 2019 - \$20,432) charged by Anacott Resources Corp. ("Anacott"), a corporation with a common director in Fletcher Morgan and a common officer in Andrew MacRitchie, \$12,000 (period ended June 30, 2019 - \$10,800) of which related to the provision of CFO services provided by Isla Finance Ltd, a company controlled by Andrew MacRitchie.

Included in consulting and property exploration expenses is \$2,400 (period ended June 30, 2019 - \$10,730 incurred by Catalin Kilofliski, a director and officer) incurred by Elemental Capital Ltd, a company controlled by Fletcher Morgan.

Included in due to related parties at June 30, 2020 is \$6,000 (December 31, 2019 - \$6,000 classified as accounts payable and accrued liabilities) due to Catalin Kilofliski for deferred consulting fees, \$2,000 (December 31, 2019 - \$Nil) due to Isla Finance Ltd, for an interest-free, due on demand advance to the Company, and \$10,804 (December 31, 2019 - \$Nil) due to Elemental Capital Ltd. for consulting fees. Included in due to related parties at June 30, 2020 is \$111,940 (December 31, 2019 - \$92,105) due to Anacott. These amounts relate primarily to the costs of incorporation and the plan of arrangement, as well as the provision of key management services as described above. These amounts are non-interest bearing and due on demand.

RISK FACTORS AND MANAGEMENT'S RESPONSIBILITY OVER FINANCIAL REPORTING

Risk Factors

Early-stage entities face a variety of risks and, while unable to eliminate all of them, the Company aims to manage and reduce such risks as much as possible. The Company's ability to mitigate risk, without any cash at its disposal, is, however, extremely limited.

Selecting investments is a competitive process. The Company seeks to maintain an appropriate balance by carefully considering risks to ensure an investment's level of risk is commensurate with the Company's assessment of the project's potential.

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The Company has a limited history of existence. There can be no assurance that it will be successful in its quest to locate and explore a profitable mineral property. Equity or debt financing will be required to complete the implementation of its business plan. There can be no assurance that the Company will be able to obtain adequate financing to continue. **The securities of the Company should be considered a highly speculative investment.**

The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

- a) the Company has had no profitable business activity;
- b) the Company does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends in the foreseeable future;
- c) the Company has only limited funds with which to continue supporting operations, or alternatively with which to identify and evaluate other potential opportunities and there can be no assurance that the Company will be able to realize either of these goals;
- d) the business or project may be financed in all or part by the issuance of additional securities by the Company and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Company;
- e) there can be no assurance that an active and liquid market for the common shares will develop and an investor may find it difficult to resell its common shares; and
- f) if the Company fails to complete the acquisition of a suitable business or project, an interim cease trade order may be issued against the Company's securities by an applicable securities commission.

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak to constitute a pandemic. The spread of COVID-19 has severely impacted economies around the globe. In many countries, including Canada, businesses have been forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in significant unemployment and an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening of certain sectors. Governments and central banks have responded with monetary and fiscal interventions designed to stabilize economic conditions. To date, the Company's operations have not been materially negatively affected by these events. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration of the impact, the severity of the consequences, nor the impact, if any, on the financial position and results of the Company for future periods.

OFF BALANCE SHEET ARRANGEMENTS

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

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OUTSTANDING COMMON SHARE DATA

The following section updates the outstanding common share information provided in the unaudited condensed interim financial statements for the period ended June 30, 2020.

Common Shares:

Shares outstanding at June 30, 2020 and August 28, 2020	20,410,747
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