**Green Light Metals Inc. (formerly 1246775 BC Ltd.)**

# MANAGEMENT'S DISCUSSION & ANALYSIS

For the year ended December 31, 2021 with comparatives for the period from incorporation on April 8, 2020 to December 31, 2020

(Stated in Canadian Dollars)

GREEN LIGHT METALS INC. (FORMERLY 1246775 BC LTD.)
MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the year ended December 31, 2021
(with comparatives for the period from incorporation on April 8, 2020 to December 31, 2020)

Date of Report: May 2, 2022

**General**

The following Management's Discussion and Analysis ("MD&A") of Green Light Metals Inc. (formerly 1246775 BC Ltd.) (the "Company" or "Green Light") should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2021 with comparatives for the period from incorporation on April 8, 2020 to December 31, 2020 and the notes thereto. The Company's audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. This MD&A was prepared as of May 2, 2022, and all information is current as of such date.

Readers are encouraged to read the Company's public information filings on SEDAR at www.sedar.com.

This discussion provides management's analysis of Green Light Metals Inc. (formerly 1246775 BC Ltd.)'s historical financial and operating results and provides estimates of Green Light Metals Inc. (formerly 1246775 BC Ltd.)'s future financial and operating performance based on information currently available. Actual results will vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance.

**Forward-Looking Statements**

This MD&A contains certain statements that may be deemed "forward-looking statements," within the meaning of certain securities laws. Forward-looking statements relate to management's expectations or beliefs about future performance, events, or circumstances that include, but are not limited to, reserve or resource potential, exploration and operational activities, corporate transactions including the proposed amalgamation with Can-America Minerals Inc., the ability of the Company to complete the Concurrent Financing, and events or developments that the Company expects or targets. Forward-looking statements can usually be identified by words such as: "future", "plans", "scheduled", "expects", "intends", "estimates", "forecasts", "will", "may", "could", "would", and variations thereof. Although the Company believes that these statements are based on reasonable assumptions, all forward-looking statements involve known and unknown risks and uncertainties that may cause the actual performance, events, or circumstances of the Company to be materially different than anticipated. The forward-looking information in this MD&A describes the Company's expectations as of the date of this MD&A.

The results or events anticipated or predicted in such forward-looking information may differ materially from actual results or events. The Company and its operations are also subject to a large number of risks, including: the Company's liquidity and financing capability, fluctuations in copper, zinc, gold and other metal prices, market conditions, results of current exploration activities, the possibility of a labor stoppage or shortage, delays in obtaining government permits and approvals and such other risks as discussed herein and in other publicly filed disclosure documents. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in such forward-looking statements, there may be other factors that cause performance, events, or circumstances to differ materially from those described in forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate. Accordingly, readers should not try to place undue reliance on forward- looking statements contained in this MD&A.

The Company cautions that the foregoing list of material factors is not exhaustive. When relying on the Company's forward-looking information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company has assumed a certain progression, which may not be realized. It has also assumed that the material factors referred to in the previous paragraph will not cause such forward-looking information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors.

Forward-looking statements are based on management's current plans, estimates, projections, beliefs, and opinions and Green Light does not undertake any obligation to update forward-looking statements should the assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by law.

## Qualified Person

The technical content of this MD&A has been read and approved by John Gartner, VP Exploration of Green Light Metals Inc. Mr. Gartner is a Qualified Person as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

## Corporate Overview

Green Light Metals Inc. (originally named "1246775 B.C. Ltd.") was incorporated under the Business Corporations Act of British Columbia on April 8, 2020 and is engaged in the acquisition, exploration, and evaluation of mineral properties. The Company's head office is located at N4480 Co. Rd. E, Medford, Wisconsin 54451 USA, and its registered office is located at 1200 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia V7X 1T2. The Company's corporate office is located at 141 Adelaide St., Suite 520, Toronto, Ontario, Canada.

Green Light's mission is to expand known mineral resources and make new discoveries on one of North America's most prolific yet underexplored volcanogenic massive sulfide ("**VMS**") greenstone belts – the Penokean Volcanic Belt (the "**Belt**") in Wisconsin, USA. The Belt's deposits are rich in the clean energy metals copper and zinc, as well as gold, that are required to power the imminent green, low carbon economy. The Company's strategy is to capitalize on its first-mover advantage to consolidate, secure, and drill dominant land positions.

Green Light is committed to operating in a responsible and sustainable manner that benefits our local communities, bolsters national security, and assists in building and securing crucial US supply chains, all while protecting the environment. The Company has established an ESG Committee and is fully committed to transparency, accountability, environmental stewardship, safety and community engagement.

The Company's key assets on the Belt are the Reef gold-copper and Bend copper-gold properties, each of which contains known historical resources with the potential for expansion. In addition, upon consummation of the proposed amalgamation with Can-America *(see "Fourth Quarter Highlights")*, the Company will control two additional prospective properties in Wisconsin – Lobo and Black. Outside of Wisconsin, the Company will control the Kalium Canyon property, an exciting epithermal gold prospect located in the Walker Lane District of Nevada.

Green Light is currently a private reporting issuer. In the coming months, the Company intends to complete the proposed amalgamation with Can-America and concurrently list the resulting issuer's common shares for trading on the TSX Venture Exchange.

## Corporate and Operational Highlights

### Annual Highlights

2021 was a transformational year for the Company. During the year, Green Light successfully identified and closed the Transaction with Aquila to acquire the Bend and Reef properties in Wisconsin. The Company also entered into an amalgamation agreement with Can-America that, upon consummation, will add two exciting exploration prospects to the Company's Wisconsin portfolio as well as the Kalium Canyon epithermal gold prospect located in the Walker Lane District of Nevada. In connection with these developments, Green Light reconstituted its board of directors and senior management team with individuals possessing deep expertise in all aspects of mineral exploration, mine permitting and design, environmental monitoring, community relations, regulatory affairs, operations, closure and post-closure. Key highlights include:

- On May 20, 2021, the Company entered into a letter of intent ("**Aquila LOI**") with Aquila Resources Inc. ("**Aquila**"), pursuant to which the Company would acquire 100% interest in the Bend and Reef assets located in the state of Wisconsin, USA from Aquila for total consideration of $7,000,000.
- On May 26, 2021, the shareholders of the Company approved a resolution to alter the articles of the Company by changing the name of the Company from 1246775 B.C. Ltd. to Green Light Metals Inc.
- On May 26, 2021, Stephen Donohue and Barry Hildred were appointed to the Company's Board of Directors.

* On May 31, 2021, the Company closed, on a non-brokered basis, the first tranche of a private placement of 7,963,497 common shares in the capital of the Company at a purchase price of $0.15 per common share for gross proceeds of $1,194,524. On June 23, 2021, the Company closed the second tranche of the private placement of 1,011,579 common shares at a purchase price of $0.15 per common share for gross proceeds of $151,736.

* On June 18, 2021, the Company executed a letter of intent with Can-America Minerals Inc. ("**Can-America**") (the "**Can-America LOI**") contemplating a transaction whereby the Company would acquire Can-America for shares of the Company. Can-America is a privately held Company with mineral interests in Wisconsin and Nevada, USA.

* On October 4, 2021, the Company closed the transaction contemplated by the Aquila LOI. Green Light entered into a Membership Interest Purchase Agreement with Aquila whereby Green Light acquired all of the issued and outstanding stock of Green Light Wisconsin LLC (the "Transaction") from Aquila Resources USA, a subsidiary of Aquila. In connection with the Transaction, total consideration of $7,000,000 payable to Aquila by Green Light consisted of:
    * Upfront cash consideration of $2,100,000; and
    * A non-interest bearing convertible promissory note ("Promissory Note") issued by Green Light to Aquila in the principal amount of $4,900,000 (see "Promissory Note Payable")

* In connection with the Transaction, Stephen Sandusky, Branden Keast, Riley Keast and James Ward resigned as directors and officers of the Company, and were replaced by, as follows: (i) Dan Colton – Chief Executive Officer, President and Director; (ii) Bill Johnson – Director; and (iii) Andrew Robert Ware – Director, effective as of October 4, 2021. Barry Hildred and Stephen Donohue remained directors of the Company. In addition, the directors of the Company appointed David Carew as Corporate Secretary on October 6, 2021, and appointed Mr. Carew CFO and Corporate Secretary on December 1, 2021.

* On September 29, 2021, the Company completed the first tranche of a non-brokered private placement by issuing 6,927,509 common shares valued at $0.30 per share for $2,078,253. On October 14, 2021, the Company completed the second tranche of the private placement by issuing 600,000 common shares valued at $0.30 per share for $180,000.

**Fourth Quarter Highlights**

* On December 14, 2021, the Company entered into an amalgamation agreement with Can-America Minerals Inc. ("**Can-America**") (the "**Amalgamation Agreement**") by and among Green Light, Can-America and 1328592 B.C. Ltd. ("**Subco**"), a wholly-owned subsidiary of Green Light, pursuant to which, Green Light will acquire Can-America by way of a three-cornered amalgamation (the "**Proposed Amalgamation**"). Upon completion of the Proposed Amalgamation, the combined entity will continue to carry on the business of Can-America and Green Light.

* Under the terms of the Amalgamation Agreement, the Proposed Amalgamation will be completed by way of a three-cornered amalgamation under the laws of British Columbia, whereby Subco and Can-America will amalgamate (post continuance under the Business Corporations Act (British Columbia)), with Subco surviving as a wholly-owned subsidiary of Green Light. Immediately prior to or concurrently with closing of the Proposed Amalgamation, Green Light is expected to change its name to "GreenLight Metals Inc." Following completion of the Proposed Amalgamation, the resulting entity will hold all of Can-America's assets. As a condition to completing the Proposed Amalgamation, Green Light and Can-America intend to complete a private placement for gross proceeds of at least $4,000,000 (the "**Concurrent Financing**").

* As at December 31, 2021, the Company had cash of $772,229 and a working capital deficit of $3,843,100. This compared to cash of $nil and working capital of $nil at December 31, 2020.

**Post Quarter Highlights**

* On March 4, 2022, the Company filed three independent technical reports in accordance with NI 43-101 for each of its Reef gold-copper property, Bend copper-gold property, and the Kalium Canyon gold property. The technical reports are available under Green Light's issuer profile at www.SEDAR.com.

## Outlook

Green Light's business strategy is focused on creating value for stakeholders through its advancement of its existing properties and through the pursuit of similarly attractive deposits and prospects on the Penokean Volcanic Belt in Wisconsin (the "**Belt**"). The Company's strategy capitalizes on its first mover advantage on the Belt and leverages the decades of experience of the same geologists who have ran exploration programs on the belt since the 1980s.

In the near-term, the Company is focused on closing the Proposed Amalgamation and the Concurrent Financing. Green Light is also advancing its discussions with the TSX Venture Exchange (the "**TSXV**") with the objective of listing the Company's common shares for trading on the TSXV following the closing of the Proposed Amalgamation and the Concurrent Financing.

## Results of Operations

The following table provides selected financial information and should be read in conjunction with the Company's audited financial statements for the periods below.

| | **Year ended December 31, 2021**<br>**$** | Period from incorporation on April 8, to December 31, 2020<br>$ |
|---|---|---|
| **Operations** | | |
| Loss for the year | **(1,623,492)** | (41,442) |
| Comprehensive loss for the year | **(1,635,770)** | (41,442) |
| Basic and diluted loss per share | **(0.16)** | (0.01) |
| | | |
| **Balance Sheet** | | |
| Working capital deficit | **(3,843,100)** | - |
| Total assets | **6,877,788** | - |
| Total liabilities | **(4,638,561)** | (41,142) |

## Summary of Quarterly Results

The following table sets out selected quarterly financial data for the most recently completed interim quarters:

| Quarter | 2021 Fourth | 2021 Third | 2021 Second | 2021 First | 2020 Fourth | 2020 Third | 2020 Second |
|---|---|---|---|---|---|---|---|
| | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| Operating expenses | (1,055,817) | (319,974) | (107,580) | (12,139) | (3,822) | (14,725) | (22,895) |
| Operating loss | (1,183,799) | (319,974) | (107,580) | (12,139) | (3,822) | (14,725) | (22,895) |
| Comprehensive loss | (1,196,077) | (319,974) | (107,580) | (12,139) | (3,822) | (14,725) | (22,895) |
| Loss per share | (0.12) | - | (0.01) | - | - | (0.01) | - |

## Overall Performance

The loss and comprehensive loss for the year ended December 31, 2021 was $1,635,770, while the loss for the period ended December 31, 2020 was $41,442, the difference of $1,594,328 was attributed to increases in most expenses as the Company was operating for a full fiscal year in 2021, versus a partial year from incorporation on April 8, 2020 to December 31, 2020, and the Company commenced normal business activities in anticipation of closing the Transaction with Aquila. The loss and comprehensive loss for the three months ended December 31, 2021 was $1,196,077, which was $1,192,255 higher when compared to the loss and comprehensive loss of $3,822 in the same period of 2020, again due to the Company operating for a partial fiscal year in 2020 and commencing normal business activities in 2021. In looking at the significant individual operating expenses, the differences for the year ending December 31, 2021 versus the period from incorporation to December 31, 2020 are as follows: Consulting expenses of $359,297 were incurred in the current year as compared to $Nil in the previous year; Exploration of $46,782 were incurred as compared to $Nil in the previous year; Depreciation increased from $Nil to $2,259. Professional fees increased from $15,882 to $336,706 and share-based payments increased from $Nil to $353,200. All of these noted fluctuations are a result of regular operating activities of the Company in the current period as the Company was now operating for a full fiscal year and as such incurred additional operational and administrative expenses, in addition to the expenses incurred a result of increased corporate activities proceeding and following the closing of the Transaction with Aquila.

Over the previous quarters since incorporation, the Company has seen the loss vary depending primarily on the amount of exploration expenditures, as well as financing available, while managing to keep a control on the administrative expenses, with slight variances due to activity levels. On a go forward basis the Company will continue to monitor expenditures closely as the Company continues its work on the current property portfolio, as well as exploring other potential opportunities as they arise.

**Exploration and evaluation expenditures**

**Mineral Property Interests**

**Acquisition costs**

| | Reef<br>$ | Bend<br>$ | December 31, 2021<br>$ |
|---|---|---|---|
| Reef / Bend properties** | **5,503,828** | **474,883** | **5,978,711** |

** The acquisition costs have been allocated to the separate mineral properties based on management's assessment of the economic valuations of the properties at the time of acquisition.

On October 1, 2021, prior to the Transaction between Aquila and Green Light, Aquila's wholly-owned subsidiary, Aquila Gold Inc. ("Aquila Gold"), assigned its interest in the Bend and Reef exploration properties located in Wisconsin, USA. to Green Light Wisconsin LLC (which was a wholly-owned subsidiary of Aquila on October 1, 2021).

The net result of the Transaction in respect of the Company was an increase in Mineral Property Interests of $5,978,711 ($4,751,281 USD), an increase of net, $105,875 ($84,138 USD) in Building and an offsetting intercompany balance to record the transfer from Green Light Metals Inc. to Green Light Wisconsin LLC.

In connection with the Transaction, Green Light and Aquila also entered into an investor rights agreement pursuant to which, among other things, Aquila received the right to participate in future equity financings completed by Green Light as well as nomination rights in respect of one member of Green Light's board of directors, in each case subject to Aquila continuing to maintain a specified ongoing ownership interest (10% or more) in Green Light.

*Reef Gold Project, Wisconsin, USA*

A technical report for the Reef Gold Project is available on Green Light's issuer profile on SEDAR at www.sedar.com.

On October 1, 2021, Aquila Gold assigned the Reef lease agreements to Green Light Wisconsin LLC. The agreements, all of which are with private landholders in Marathon County, Wisconsin, consist of mining leases and exploration agreements with an option to purchase. These agreements have terms from 2 to 20 years up to 2031. A variable net smelter royalty up to 2% is payable in the event of mineral production on the property.

During the period ended December 31, 2021, the Company paid $25,135 in lease/option costs in respect of the Reef Gold Project. The Company's estimated lease and/or option costs required to hold the property in good standing related to the Reef Project for 2022 to 2026, which are at the Company's option, are as follows:

| | **$** |
|---|---|
| 2022 | 387,264 |
| 2023 | 1,841,956 |
| 2024 | 47,322 |
| 2025 | 47,322 |
| 2026 | 1,144,730 |

*Bend Project, Wisconsin, USA*

A technical report for the Bend Project is available on Green Light's issuer profile on SEDAR at www.sedar.com.

In May 2019, Aquila entered into a long-term mineral lease agreement with a party that owns the mineral rights on a portion of the Bend deposit. On October 1, 2021, the Aquila subsidiary, Aquila Gold, assigned the lease agreement to

Green Light Wisconsin LLC.

The Company estimated lease and/or option costs required to hold the property in good standing related to the Bend Project for 2022 to 2026, which are at the Company's option, are as follows:

| | $ |
|---|---|
| 2022 | 31,695 |
| 2023 | 31,695 |
| 2024 | 31,695 |
| 2025 | 31,695 |
| 2026 | 31,695 |

## Promissory note payable

On October 4, 2021, as a part of the Membership Interest Purchase with Aquila Resources USA Inc. (see note ), the Company issued to Aquila a non-interest bearing promissory note ("Promissory Note") in the principal amount of $4,900,000. The Promissory Note shall become due and payable by the Company on the earlier of: (i) December 31, 2022 (the "Maturity Date"); or (ii) immediately prior to the completion of an initial public offering or other transaction that results in the shares of the Company (or of a successor entity) being listed on a stock exchange as freely tradable securities (a "Go-Public Transaction"). If the Promissory Note becomes due and payable on a Go-Public Transaction, then the Promissory Note shall be satisfied by way of:

- $900,000 in cash; and
- The issuance of that number of the Company's shares equal to $4,000,000 divided by the price per share at which the Company's shares are issued in the Go-Public Transaction financing. If the Company does not complete a Go-Public Transaction prior to the Maturity Date, then the Promissory Note shall be satisfied by way of the issuance of that number of Company shares equal to $4,900,000 divided by the price per share at which the Company issued shares in its most recently completed financing prior to the Maturity Date.

The fair value of the promissory note payable at inception was estimated to be $3,984,586 (including the option component). The Company has estimated there is a 90% probability of the conversion taking place before maturity, with an expected date of conversion as February 28, 2022.

The effective interest rate on the promissory note was estimated to be 20.00% per annum. The Company accreted $212,431 to interest expense.

A summary of the promissory note payable is as follows:

| | |
|---|---|
| Balance, October 4, 2021 | **$3,905,301** |
| Accretion | **$212,431** |
| Balance, December 31, 2021 | **$4,117,732** |

A summary of the option component of the promissory note payable is as follows:

| | |
|---|---|
| Balance, October 4, 2021 | **$79,285** |
| Change in fair value | **127,982** |
| Balance, December 31, 2021 | **$207,267** |

On October 4, 2021 the fair value of the debt host component of the Promissory Note was estimated to be $3,905,301 using the Black-Scholes option pricing model with the following weighted average assumptions and fair values:

| | |
|---|---|
| Market interest rate* | **20.00%** |
| Maturity period | **1.24 years** |
| Face value | **$4,900,000** |

*Market interest rate is based on the market rate for similar companies.

On October 4, 2021 the fair value of the option component of the Promissory Note was estimated to be $79,285 using the Black-Scholes option pricing model with the following weighted average assumptions and fair values:

| | |
|---|---|
| Risk-free interest rate* | **0.39%** |
| Annualized volatility** | **55.70%** |
| Expected dividend | **Nil** |
| Expected life in years*** | **0.40 years** |

*Risk-free interest rate is based on the zero-coupon yield for a Canadian treasury bond.
** Volatility based on similar publicly traded companies.
***The Company has used an expected maturity date of February 28, 2022 as the date for the completion of the Transaction.

On December 31, 2021 the fair value of the option component of the Promissory Note was estimated to be $207,267 using the Black-Scholes option pricing model with the following weighted average assumptions and fair values:

| | |
|---|---|
| Risk-free interest rate* | **0.63%** |
| Annualized volatility** | **73.96%** |
| Expected dividend | **Nil** |
| Expected life in years*** | **0.53 years** |

*Risk-free interest rate is based on the zero-coupon yield for a Canadian treasury bond.
** Volatility based on similar publicly traded companies.
***The Company has used an expected maturity date of July 13, 2022 as the date for the completion of the Transaction.

## Liquidity and Capital Resources

The Company's cash and cash equivalents balance was $772,229 at December 31, 2021 compared to $Nil at December 31, 2020. Current assets at December 31, 2021 were $795,461 compared to $Nil at December 31, 2020 and total assets at December 31, 2021 were $6,877,788 compared to $Nil at December 31, 2020.

Operating Activities

For the year ended December 31, 2021, the Company used $678,432 in cash related to operating activities. The non-cash charges to earnings included share-based payments of $353,200. During the year, the majority of the cash used in operating activities can be attributed to the funding of day to day operations.

Investing Activities

For the year ended December 31, 2021, the Company used cash of $2,100,000 in investing activities; this was attributed to the purchase of mineral property interests, and the purchase of a building.

Financing Activities

For the year ended December 31, 2021, the Company generated cash of $3,562,939; this was attributed to net proceeds from the private placements completed during the year.

The Company's ability to continue as a going concern is dependent upon attaining profitable operations, and, if required, the ability to raise funds through public equity financings to meet expenditure commitments. There is no assurance that these activities will be successful. The combination of the circumstances set out above represents a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. However, the Company is confident that it will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing its financial statements.

## Outstanding share data

Common Shares

### i. Authorized

The Company is authorized to issue an unlimited number of common shares.

### ii. Details of share issuances

| **Issued and outstanding:** | | **# of shares** | **Share price ($)** |
|---|---|---|---|
| | | - | |
| Incorporation shares | (a) | **3,000,000** | **0.0001** |
| Private placement #1 (first tranche). | (b) | **7,963,497** | **0.15** |
| Private placement #1 (final tranche) | (c) | **1,011,579** | **0.15** |
| Private placement #2 (first tranche) | (d) | **6,927,509** | **0.30** |
| Private placement #2 (final tranche) | (e) | **600,000** | **0.30** |
| **Balance, December 31, 2021** | | **19,502,585** | |

a) On July 24, 2020, 2583262 Ontario Inc. (now 1289625 B.C. Ltd.) ("258") completed a plan of arrangement that resulted in the Company, which was previously a wholly-owned subsidiary of 258, being spun out as a non-listed reporting issuer. Under the plan of arrangement, the Company issued 3,000,000 common shares at a price of $0.0001.

b) On May 31, 2021, the Company closed, on a non-brokered basis, the first tranche of a private placement of 7,963,497 common shares in the capital of the Company at a purchase price of $0.15 per common Share for gross proceeds of $1,194,524. Certain officers and directors subscribed for a total of 2,697,833 common shares.

c) On June 23, 2021, the Company completed the second tranche of a non-brokered private placement by issuing 1,011,579 common shares at a price of $0.15 per share for $151,736.

d) On September 29, 2021, the Company completed the first tranche of a non-brokered private placement by issuing 6,927,509 common shares at a price of $0.30 per share for $2,078,253. Finders' fees of $41,574 were recorded. Certain officers and directors subscribed for a total of 1,249,150 common shares.

e) On October 14, 2021, the Company completed the second tranche of a non-brokered private placement by issuing 600,000 common shares at a price of $0.30 per share for $180,000.

### iii. Options

On December 22, 2020, the Company granted 75,000 stock options to its then CEO. The stock options vest immediately, exercisable at $0.10 per common share and will expire 5 years from the date of grant.

On November 19, 2021, the Company granted 1,600,000 stock options to various officers, directors and consultants. The stock options vest immediately, exercisable at $0.30 per common share and will expire 5 years from the date of grant.

As at December 31, 2021, the Company has the following stock options granted and outstanding:

| Number of Options | Expiry Date | Exercise Price | Remaining Life (in years) |
|---|---|---|---|
| 75,000 | December 22, 2025 | $0.10 | 3.98 |
| 1,600,000 | November 19, 2026 | $0.30 | 4.85 |

The Company applies the fair value method of accounting for all stock based compensation awards and accordingly, $353,200 was recorded as compensation for the options that vested during the period. As of December 31, 2021, there were no unvested stock options.

* The weighted average share price at date of exercise of the options in 2021 was $0.29.
** The weighted average remaining life of the outstanding stock options is 4.5 years.
The Company currently estimates the forfeiture rate to be nil.

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

| | **2021** |
|---|---|
| Risk-free interest rate | **0.14% - 0.40%** |
| Annualized volatility* | **97.29 - 114.52%** |
| Expected dividend | **NIL** |
| Expected option life | **5 years** |

* Volatility based on similar publicly traded companies

**Related Party Transactions**

The Company's related parties include management personnel and entities over which they have some control and influence as described below.

| | *Nature of transactions* |
|---|---|
| Red Roof Capital Inc. | Management fees |
| Aquila Resources | management fees |
| 1289625 B.C. Ltd. (formerly 2583262 Ontario Inc.) | Administrative services |
| Dolan-Colton Consulting Group | Consulting |

Unless otherwise stated, none of the transactions incorporate other terms and conditions and no guarantees were given or received. Outstanding balances are usually payable in cash.

The following are the related party transactions for the year ended December 31, 2021 and for the period from incorporation on April 8, 2020 to December 31, 2020, respectively:

Included in consulting expenses are amounts totaling $20,000 (2020 - $nil) for management services provided by Red Roof Capital Inc., a company controlled by a director of Green Light.

Key management personnel remuneration includes the following amounts:

| | **2021**<br>**$** | 2020<br>$ |
|---|---|---|
| Consulting fees | **122,822** | - |
| Share-based payments | **179,600** | - |
| | **302,422** | - |

**Subsequent event**

There were no subsequent events as of the date of this report.

**Critical Accounting Estimates and Judgments**

In the application of the Company's accounting policies, which are described above, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

*Functional currency*

Management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. As part of this approach, management gives priority to indicators like the currency that mainly influences costs, the currency in which those costs will be settled and the currency in which funds from financing activities are generated.

*Business Combinations*

The determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or asset requires management to make certain judgements as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 - Business Combinations. The Company has determined that Green Light Wisconsin LLC does not meet the criteria for a business based on the criteria outlined by IFRS 3. As such, the Company has determined that the acquisition of Green Light Wisconsin LLC is not a business combination and accordingly this acquisition has been accounted for as an asset acquisition.

*Promissory note*

The promissory note is a financial instrument which contains a separate financial liability and option component. The identification of such components embedded within the promissory note requires significant judgement given that it is based on the interpretation of the substance of the contractual arrangement. Management has made significant judgement with regards to the value of the option component of the promissory note.

*Impairment and reversal of impairment for non-current assets*

Non-current assets are tested for impairment at the end of each reporting period if in management's judgement there is an indicator of impairment. If there are indicators, management performs an impairment test on the major assets within this balance. In the case of mineral property assets, recoverability is dependent on a number of factors common to the natural resource sector. These include the extent to which the Company can continue to renew its exploration and future development licenses with local or other authorities, establish economically recoverable reserves on its properties, the availability of the Company to obtain necessary financing to complete the development of such reserves and future profitable production or proceeds from the disposition thereof. The Company will use the evaluation work of professional geologists, geophysicists and engineers for estimates in determining whether to commence or continue mining and processing. These estimates generally rely on scientific and economic assumptions, which in some instances may not be correct, and could result in the expenditure of substantial amounts of money on a deposit before it can be determined whether or not the deposit contains economically recoverable mineralization.

*Other estimates*

Other significant estimates which could materially impact the financial statements include:

- the inputs used in accounting for share purchase option expense in the consolidated statements of loss;
- the provision for income taxes which is included in the statements of loss and comprehensive loss and composition of deferred income tax assets and liabilities included in the statement of financial position which have not yet been confirmed by the taxation authorities;
- the estimated useful lives of property, plant and equipment which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss and comprehensive loss;
- the inputs used in the determination of the fair value of the promissory note payable, based on the expected date of conversion and the determination of the discount rate; and
- the allocation of the fair value of the assets acquired.

**Recent Accounting Pronouncements**

The accounting policies adopted in the preparation of these financial statements have been prepared on the basis of all IFRS and interpretations effective as at December 31, 2021:

- *IAS 1 – Presentation of Financial Statements*
  On January 23, 2020, the IASB issued an amendment to IAS 1 *Presentation of Financial Statements* providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non- current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively, with early adoption permitted. The Company is currently assessing the financial impact of the amendment and expects to apply the amendment at the effective date.

- *IAS 16 – Property, Plant and Equipment*
  On May 14, 2020, the IASB issued an amendment to IAS 16 *Property, Plant and Equipment* to prohibit

deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling such items, and the cost of producing those items are to be recognized in profit and loss. The amendments are effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The amendment is to be applied retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the earliest period presented in the financial statements in the year in which the amendments are first applied. The Company has reviewed the amendments and their financial impact on the financial statements for the annual period beginning and January 1, 2021, and has determined that there is no material impact or disclosures required.

- *IAS 37 – Provisions, Contingent Liabilities and Contingent Assets*
  On May 14, 2020, the IASB issued an amendment to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* to specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to the contract can either be incremental costs of fulfilling the contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for contracts for which the Company has not yet fulfilled all its obligations on or after January 1, 2022 with early adoption permitted. The Company has reviewed the amendments and their financial impact on the financial statements for the annual period beginning and January 1, 2021, and has determined that there is no material impact or disclosures required.

## Financial Instruments

Financial instruments consist of cash, amounts receivable, accounts payable, accrued liabilities and promissory notes payable. The fair value of these financial instruments approximates their carrying value due to the short term to maturity, unless otherwise noted.

## Risk Factors

The Company's Board of Directors has overall responsibility for the oversight of the Company's risk management policies. In carrying on its business, the Company is exposed to a variety of risks, including the risks described elsewhere in this MD&A. The Company can neither predict nor identify all such risks nor can it accurately predict the impact, if any, of such risks on its business, operations or the extent to which one or more risks or events may materially change future results of financial position from those reported or projected in any forward-looking statements. Accordingly, the Company cautions the reader not to rely on reported financial information and forward-looking statements to predict actual future results. This MD&A and the accompanying financial information should be read in conjunction with this statement concerning risks and uncertainties. Some of the risks, uncertainties and events that may affect the Company, its business, operations, and results, are given in this section. However, the factors and uncertainties are not limited to those stated. The Company has policies and practices mandated by the Board of Directors to manage the Company's risks which include the risks described elsewhere in this MD&A and below.

The Company’s business, being the acquisition, exploration, and development of mineral properties in the United States, is speculative and involves a high degree of risk. The risk factors listed below could materially affect the Company's financial condition and/or future operating results, and could cause actual events to differ materially from those described in forward-looking statements made by or relating to the Company.

*Exploration and Mining Risks*

The Company is engaged in mineral exploration and development activities. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. The long-term profitability of our operations will be in part directly related to the cost and success of our exploration programs, which may be affected by a number of factors beyond our control.

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage.

Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fire, power outages, labour disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. We may become subject to liability for pollution, cave-ins or hazards against which we cannot insure or against which we may elect not to insure. The payment of such liabilities may have a material, adverse effect on our financial position.

The Company relies upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, allowable production, importing and exporting of minerals and environmental protection.

*Financing Risks*

The Company is limited in financial resources, and as a mineral exploration company has no source of operating cash flow. The Company has no assurance that additional funding will be available to us for further exploration and development of our projects or to fulfil our obligations under any applicable agreements. There can be no assurance that we will be able to obtain adequate financing in the future, or that the terms of such financing will be favourable. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and development of our projects with the possible loss of such properties.

*Regulatory Requirements*

Even if our mineral properties are proven to host economic reserves of mineral resources, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits or repatriation of profits. The Company may acquire other properties in other jurisdictions or countries. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect our business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, and expropriation of property, environmental legislation and mine safety.

*Uninsurable Risks*

Exploration, development and production operations on mineral properties involve numerous risks, including but not limited to unexpected or unusual geological operating conditions, seismic activity, rock bursts, cave-ins, fires, floods, landslides, earthquakes and other environmental occurrences, risks relating to the shipment of precious metal concentrates or ore bars, and political and social instability, any of which could result in damage to, or destruction of, the mine and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although the Company believes that appropriate precautions to mitigate these risks are being taken, operations are subject to hazards such as equipment failure or failure of structures, which may result in environmental pollution and consequent liability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate the Company's future profitability and result in increasing costs and a decline in the value of the common shares. The Company does not maintain insurance against title, political or environmental risks.

While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks is such that liabilities could exceed policy limits or be excluded from coverage. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, thereby adversely affecting the Company's business and financial condition.

*Title Matters*

Title to, and the area of, mineral properties may be disputed. There is no guarantee that title to one or more claims or concessions at the Company's projects will not be challenged or impugned. There may be challenges to any of the Company's titles which, if successful, could result in the loss or reduction of the Company's interest in such titles. The Company's properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties. The failure to comply with all applicable laws and regulations, including a failure to pay taxes or to carry out and file assessment work, can lead to the unilateral termination of concessions by mining authorities or other governmental entities.

*Permits and Licenses*

The operations of the Company require licenses and permits from various governmental authorities. The Company will use its best efforts to obtain all necessary licenses and permits to carry on the activities which it intends to conduct, and it intends to comply in all material respects with the terms of such licenses and permits. However, there can be no guarantee that the Company will be able to obtain and maintain, at all times, all necessary licenses and permits required to undertake its proposed exploration and development, or to place its properties into commercial production and to operate mining facilities thereon. In the event of commercial production, the cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude the economic development of the Company's properties.

With respect to environmental permitting, the development, construction, exploitation and operation of mines at the Company's projects may require the granting of environmental licenses and other environmental permits or concessions by the competent environmental authorities. Required environmental permits, licenses or concessions may take time and/or be difficult to obtain, and may not be issued on the terms required by the Company. Operating without the required environmental permits may result in the imposition of fines or penalties as well as criminal charges against the Company for violations of applicable laws or regulations.

*Competition*

The mineral industry is intensely competitive in all its phases. We compete with many companies possessing greater financial resources and technical facilities than the Company for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

In addition, there is no assurance that a ready market will exist for the sale of commercial quantities of ore. Factors beyond the control of the Company may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing our investment capital.

*Environmental Regulations*

Our operations may be subject to environmental regulations promulgated by government agencies from time to time. 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 imposition 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 manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect our operations.

*Stage of Development*

The Company is in the business of exploring for, with the ultimate goal of producing, mineral resources from our mineral exploration properties. None of our properties have commenced commercial production and we have no history of earnings or cash flow from our operations. As a result of the foregoing, there can be no assurance that we will be able to develop any of our properties profitably or that our activities will generate positive cash flow. We are unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. A prospective investor in the Company must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of our management in all aspects of the development and implementation of our business activities.

*Markets for Securities*

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

*Reliance on Key Individuals*

Our success depends to a certain degree upon certain key members of the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Company.

*Geopolitical Risks*

The Company may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploitation and production, price controls, export controls, currency availability, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on mineral exports, increased financing costs, and site safety. In addition, legislative enactments may be delayed or announced without being enacted and future political action that may adversely affect the Company cannot be predicted. Any changes in regulations or shifts in political attitudes that may result, among other things, in significant changes to mining laws or any other national legal body of regulations or policies are beyond the control of the Company and may adversely affect its business. The possibility that future governments may adopt substantially different policies, which might extend to the expropriation of assets, cannot be ruled out.

*Health Epidemics and Outbreaks of Communicable Diseases*

Green Light's business could be adversely impacted by the effects of the novel coronavirus or other health epidemics and/or outbreaks of communicable diseases, which could significantly disrupt the Company's exploration and development activities and may have a material adverse effect on Company's business and financial condition. The World Health Organization declared a global pandemic on March 2020 related to COVID-19. Global travel and workplace restrictions have been implemented as a result. The extent to which COVID-19 impacts the Company's business, including the Company's operations and the market for the Company's securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, including the duration, severity and scope of the coronavirus outbreak and the actions taken to contain or treat the outbreak. In particular, the continued or perceived spread of the coronavirus globally could materially and adversely impact the Company's business including, without limitation, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, stoppage or suspension of its operations in Canada and the U.S. including restrictions to its drilling, development and exploration programs and/or the timing to process drill and other metallurgical testing and other factors that will depend on future developments beyond the Company's control, which may have a material adverse effect on the Company's business, financial condition and results of operations. Moreover, the actual and threatened spread of COVID-19 globally could also have a material adverse effect on the regional economies in which the Company operates, could continue to negatively impact stock markets, could adversely impact the Company's ability to raise capital, could cause continued interest rate volatility and movements that could make obtaining financing more challenging or more expensive, could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the demand for base and precious metals and Green Light's future prospects and could result in any operations affected by COVID-19 becoming subject to quarantine. Any of these developments, and others, could have a material adverse effect on the Company's business and results of operations. There can also be no assurance that the Green Light's personnel will not be impacted by these pandemic diseases and ultimately see all or a portion of its operations suspended, workforce productivity reduced or incur increased medical costs and/or insurance premiums as a result of these health risks.

*Credit Risk*

The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to these financial instruments is minimal as the funds are deposited in a Canadian chartered bank and a bank in the United States.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company’s liquidity and operating results may be adversely affected if the Company’s access to capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company.

*Risk of Litigation*

The Company may become involved in disputes with other parties in the future which may result in litigation or other legal proceedings. The results of legal proceedings cannot be predicted with certainty. If the Company is unable to resolve these disputes favorably, it may have a material adverse impact on the ability of the Company to carry out its business plan.

*Influence of Third-Party Stakeholders*

Some of the lands in which the Company holds an interest, or the exploration equipment and roads or other means of access which the Company intends to utilize in carrying out its work programs or general business activities, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims or do not consent to the Company carrying on activities on lands subject to their interests or claims, the Company's work programs may be delayed or prevented, even if such claims are not meritorious. Such claims or delays may result in significant financial loss and loss of opportunity for the Company.

The Company may need to enter into negotiations with landowners and other groups in local communities in order to conduct further exploration and development work on its properties. There is no assurance that future discussions and negotiations will result in agreements with landowners and other local community groups or if such agreements will be on terms acceptable to the Company so that the Company may continue to conduct exploration and development activities on these properties.

*Industry and Economic Factors Affecting the Company*

The Company is a junior resource issuer focused primarily on the evaluation, exploration and development of mineral properties and potential acquisition of mineral properties in the future. The Company's future performance is largely tied to the financial markets related to junior resource companies, which is often cyclical. The Company will continuously monitor several economic factors including the uncertainty regarding the price of zinc, copper, and gold and other metals and the availability of equity financing for the purposes of mineral exploration and development. The Company's future performance is largely tied to its ability to raise additional financing needed to fund its ongoing exploration and operating activities and to pursue the exploration and the development of its mineral property interests and the overall financial markets. Financial markets in the mining sector are likely to continue to be volatile reflecting ongoing concerns about the global economy. Companies worldwide have been affected negatively by these trends. As a result, the Company may have difficulties raising equity financing needed for the purposes of mineral exploration and development, particularly without excessively diluting the interests of its current shareholders.

## Management's Responsibility

Management is responsible for all information contained in this report. The financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Audit Committee has reviewed the financial statements with management. The Board of Directors has approved the financial statements on the recommendation of the Audit Committee.

## Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

## Additional Information

Additional information about the Company including financial statements, press releases and other filings are available on SEDAR at www.sedar.com. The Company's website is www.greenlightmetals.com.