



(Formerly Spitfyre Capital Inc.)

## **Management's Discussion and Analysis**

For the year ended December 31, 2023

**NeoTerrex Minerals Inc.**Table of Content

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1. Description of Business	3
2. Overall Review	3
3. Qualified Person	4
4. Results of Operations	4
5. Exploration and Evaluation Activities	5
6. Best Practices, Social Responsibility and Health, Safety and Environmental Policy	9
7. Fourth Quarter	10
8. Outlook	10
9. Cash Flow	11
10. Selected Annual Information	12
11. Summary of Quarterly Information	12
12. Liquidity and Capital Resources	12
13. Contractual Obligations and Commitments	13
14. Related Party Transactions	13
15. Subsequent Event	13
16. Outstanding Share Data	14
17. Off-balance Sheet Arrangements	14
18. Management's Responsibility for Financial Information and Critical Accounting Estimates	14
19. Material Accounting Policies	14
20. New Accounting Standards	14
21. Financial Instruments	14
22. Risk Factors	15
23. Cautionary Note Regarding Forward-Looking Information	23

This management's discussion and analysis ("**MD&A**") dated April 17, 2024 reflects the assessment by management of the results of the operations and financial condition of NeoTerrex Minerals Inc. ("**NeoTerrex**" or the "**Corporation**") and its future prospects. The MD&A should be read in conjunction with the Corporation's audited consolidated financial statements (the "**Financial Statements**") as at and for the year ended December 31, 2023 and 2022. The Financial Statements have been prepared in accordance with International Financial Reporting Standards issued by the international Accounting Standards Board ("**IFRS**"). All dollar figures in this MD&A are in Canadian dollars unless otherwise indicated.

<b>Abbreviation</b>	<b>Definition</b>
Fiscal 2023	Year ended December 31, 2023
Fiscal 2022	Year ended December 31, 2022
Q4-2023	Calendar fourth quarter of 2023
Q4-2022	Calendar fourth quarter of 2022
NSR	Net smelter return royalty
REE	Rare Earth Elements
TREO	Total Rare Earth Oxide

## **Description of Business**

The Corporation, formerly Spitfyre Capital Inc. ("**Spitfyre**"), continued under the *Canada Business Corporations Act* ("**CBCA**") on December 21, 2023. The Corporation's common shares are listed on the TSX Venture Exchange (the "**Exchange**") under the symbol NTX.

Prior to December 21, 2023, the Corporation was a capital pool company as defined in Policy 2.4 of the Exchange. On that date, the Corporation completed its qualifying transaction (the "**Qualifying Transaction**") pursuant to the rules and policies of the Exchange by acquiring 100% of the issued and outstanding share capital of NeoTerrex Corporation ("**NEO**") and evolved into a mineral exploration company. It is engaged in the evaluation, acquisition and exploration of mineral properties for rare earth elements and lithium with its activities focused in prospective areas of Quebec, Canada.

## **Overall Review**

### ***Qualifying Transaction and Financing***

On December 21, 2023, in connection with an amalgamation agreement (the "**Amalgamation**") dated October 4, 2023, between the Corporation, NEO and 15363497 Canada Inc., a wholly-owned subsidiary of the Corporation, the Corporation acquired of all the issued and outstanding share capital of NEO through a three-cornered amalgamation. The shareholders of NEO received one common share of the Corporation for each issued and outstanding common share of NEO.

Prior to the completion of the Amalgamation, Spitfyre (i) completed a continuance from a corporation under the *Business Corporations Act (Ontario)* to a corporation continued under the CBCA; and (ii) changed its name from Spitfyre Capital Inc. to NeoTerrex Minerals Inc.

The Corporation completed a concurrent brokered private placement for aggregate proceeds of \$3,516,600 through the issuance of 8,638,000 units at a price of \$0.25 per unit and 4,523,668 common shares on a flow-through basis at a price of \$0.30 per flow-through share. Each unit consists of one common share and one-half common share purchase warrant, with each such whole warrant entitling the holder to subscribe for one additional common share at a price of \$0.40 per share until December 21, 2025.

## ***Exploration activities***

### ***Roman property***

On June 2, 2023, the Corporation acquired the Roman property located in Côte-Nord, province of Quebec. The property was acquired because it holds potentially valuable land for lithium.

### ***Mount Discovery property***

In May 2023, the Corporation launched a prospecting and reconnaissance mapping program which was followed with trenching and stripping over the most prospective areas of this property. As of the date of the MD&A, a total of 22 REE occurrences (>1% TREO) have been located on the property and eight different sites have been excavated, with at least two (King and Sicilian) demonstrating mineralization continuity and size potential. Channel sampling results from King returned 27 metres of 3.25% TREO.

### ***Lindsay property***

Limited surface reconnaissance work consisting of prospecting and geological mapping of the geophysical anomalies was undertaken during the summer of 2023. Results are being reviewed to determine next steps for the property.

## ***Working Capital***

The Corporation has a working capital of \$5,849,757 as of December 31, 2023 (\$3,704,628 as of December 31, 2022) which will allow the Corporation to execute its planned exploration program and meet its administrative overhead expenses for the following year.

## **Qualified Person**

The disclosure of any scientific and technical information in this MD&A was reviewed, verified and approved by Mathieu Stephens, P.Geo., NeoTerrex's President, Chief Executive Officer ("CEO") and Director, the Qualified Person as defined by National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

## **Results of Operations**

The Corporation reported a net loss of \$2,095,051 in Fiscal 2023 compared to a net loss of \$1,028,484 the prior year. The main variances on the Consolidated Statement of Loss and Comprehensive Loss are the following:

- **Exploration and evaluation expenditures:** The Corporation incurred exploration and evaluation expenditures totalling \$710,267 (\$1,278,445 in Fiscal 2022) on its properties and is entitled to a refundable tax credit on qualified exploration expenditures and credit on duties for losses under the Mining Tax Act in Quebec for an amount of \$209,482 (\$368,373 in Fiscal 2022). Total exploration and evaluation expenditures of \$500,785 on the Consolidated Statement of Loss and Comprehensive Loss (\$910,072 in Fiscal 2022) are net of these tax credits and mining rights. A detailed explanation of NeoTerrex exploration and evaluation expenditures will be covered in the next section.
- **Salaries:**

	<b>Fiscal 2023</b>	<b>Fiscal 2022</b>
	<b>\$</b>	<b>\$</b>
President & CEO	150,000	128,500
Directors' fees	13,500	-
Fringe benefits	6,029	4,834
	<b>169,529</b>	<b>133,334</b>

- **Professional and consulting fees:**

	<b>Fiscal 2023</b>	<b>Fiscal 2022</b>
	\$	\$
Accounting and administrative fees <sup>(a)</sup>	79,253	86,823
Legal fees <sup>(b)</sup>	34,677	49,957
Audit and tax services fees	21,850	19,760
Consulting fees	3,750	-
	<b>139,530</b>	<b>156,540</b>

a) Vatche Tchakmakian, who serves as Vice-President & Corporate Secretary and Director until May 31, 2022, provided the Corporation with management consulting services through his wholly owned company (\$42,615 in Fiscal 2023 and \$60,138 the prior year). In addition, his company charged fees for the support staff in respect of bookkeeping and administrative support (\$36,638 in Fiscal 2023 and \$26,685 the prior year).

b) Legal fees in Fiscal 2023 relates to various corporate advice while fees in Fiscal 2022 were incurred mainly for the negotiation and drafting of agreements in connection to the Mount Discovery property.

- **Listing expenses** represents the difference between the estimated fair value of the NEO deemed consideration transferred to Spitfyre shareholders less the fair value of the net assets of Spitfyre acquired. See Note 4 of the Financial Statements for additional details.
- **Flow-through shares premium:** All exploration work imposed by the December 2021 flow-through financing was completed in Fiscal 2022. The amount of \$140,000 recognized in liability related to the premium on flow-through shares in Fiscal 2021 was reversed in Fiscal 2022 and is recognized in profit and loss.
- **Finance income** relates to interest earned on guaranteed investment certificates. The increase in finance income in Fiscal 2023 as compared to the prior year is due mainly to the rising interest rate.

### Exploration and Evaluation Activities

The Corporation's exploration and evaluation expenditures were as follows:

	<b>Fiscal 2023</b>	<b>Fiscal 2022</b>
	\$	\$
Mineral acquisition and maintenance costs	89,964	41,810
Exploration and evaluation expenses, net of tax credits and mining rights	410,821	868,262
	<b>500,785</b>	<b>910,072</b>

Mineral acquisition and maintenance costs	Interest	Fiscal 2023	Fiscal 2022
		\$	\$
<b>Quebec</b>			
Mount Discovery	100%	1,792	9,910
Decelles	100%	-	24,200
Riel	100%	825	2,475
Lindsay	100%	-	2,475
Beauchene	100%	2,088	-
Roman	100%	85,259	-
Other	100%	-	2,750
		<b>89,964</b>	<b>41,810</b>

Exploration and evaluation expenses	Geology and Prospection	Geophysics	Geochemistry	Total Fiscal 2023
	\$	\$	\$	\$
Mount Discovery	494,321	-	17,304	511,625
Decelles	5,414	-	1,322	6,736
Riel	4,224	-	-	4,224
Lindsay	80,692	-	-	80,692
Beauchene	8,143	-	-	8,143
Roman	3,803	-	-	3,803
GreenWinds	5,080	-	-	5,080
Sub-total	601,677	-	18,626	620,303
Less: tax credits and mining rights				(209,482)
				<b>410,821</b>

Exploration and evaluation expenses	Geology and Prospection	Geophysics	Geochemistry	Total Fiscal 2022
	\$	\$	\$	\$
Mount Discovery	370,095	56,054	60,289	486,438
Decelles	303,712	322,031	6,423	632,166
Riel	6,057	40,007	-	46,064
Lindsay	560	43,870	-	44,430
GreenWinds	21,610	-	-	21,610
Other	5,927	-	-	5,927
Sub-total	707,961	461,962	66,712	1,236,635
Less: tax credits and mining rights				(368,373)
				<b>868,262</b>

### **Mount Discovery**

#### *Property Description*

The Mount Discovery property was originally acquired in October 2021 for its rare earths potential and is now the focus of the Corporation. The property is situated in southwestern Quebec near the town of Fort-Coulonge and covering a total area of 11,233 hectares. The property is located near infrastructure consisting of both paved and gravel roads and powerlines. The area benefits from a local workforce, hydroelectric dam, and various industries.

The Corporation owns the property and some claims are subject to a 2.5% NSR royalty. The Corporation has a right to purchase one-half (1.25%) of the NSR for \$1,000,000. 1% of the NSR is held by the President, CEO and

a director of the Corporation and 0.5% of the NSR is held by a company which is a shareholder of the Corporation and a director of the Corporation is an officer of this company. In addition, the Corporation acquired claims through map staking for an amount of \$1,792 in Fiscal 2023 (\$9,910 in Fiscal 2022).

#### *Exploration work on the property*

Limited exploration activities were carried out on this property until the end of July 2022 when access to the surface rights were secured. In Fiscal 2022, NeoTerrex mainly carried out follow-up exploration works consisting of prospection, reconnaissance mapping, stripping and trenching on the southwest block. A magnetic and spectrometric survey was also conducted on the northeast block.

In May 2023, the Corporation launched a prospecting and reconnaissance mapping program which was followed with trenching and stripping over the most prospective areas of the property. In mid-June 2023, work was paused for a period of 5 weeks due to access restrictions imposed following the event of large-scale forest fires in the province.

As of the date of the MD&A, a total of 22 REE occurrences (>1% TREO) have been located on the property and eight different sites have been excavated, with at least two (King and Sicilian) demonstrating mineralization continuity and size potential. Channel sampling results from King returned 27 metres of 3.25% TREO. Exploration is ongoing for the fall of 2023.

This property is the subject of a National Instrument 43-101 technical report dated November 6, 2023 (the “**Technical Report**”).

### **Decelles**

#### *Property Description*

The Decelles property, located in the southern portion of the province of Quebec, was acquired by staking in Fiscal 2022 for its lithium and rare earths potential. Several lithium bearing pegmatites are known to occur in the region and historical data also indicates the presence of rare earth occurrences. The nearby Wells-Lacoursière occurrence returned assays of up to 2.87% lithium (Quebec Ministry of Forest and Natural Resources).

The Corporation acquired claims through map staking in Fiscal 2023 and 2022.

#### *Exploration work on the property*

NeoTerrex completed its maiden exploration for the property in Fiscal 2022 by carrying out several airborne geophysical surveys which were followed by a prospecting survey over select areas of interest. Several samples collected returned assays anomalous in lithium pegmatite pathfinders. NeoTerrex will be completing the work report for filing purposes to keep the claims in good standing.

### **Riel**

#### *Property Description*

The Riel property, located north of Maniwaki in the province of Quebec, were acquired by staking for its lithium potential in Fiscal 2023 and 2022.

#### *Exploration work on the property*

A 2018 government regional survey of the entire southwestern portion of the province of Quebec identified the area as having some of the highest lithium and lithium pathfinder elements values in bottom lake sediments of the survey. The property also contains several pegmatite outcrops which have not been assayed.

Another portion of the property contains several pegmatites which contain both lithium and its associated elements (tantalum, fluoride) based on government regional mapping. These pegmatites have never been properly investigated.

NeoTerrex completed its maiden exploration for the property in Fiscal 2022 by carrying an airborne geophysical survey of the north block of claims. Limited surface work is to be undertaken in 2024 to verify and sample potential pegmatite sites for lithium.

## **Lindsay**

### *Property Description*

The Lindsay property is located in the southwestern portion of the province of Quebec, 32 km east-northeast from the town of Mattawa, Ontario and covers a total area of 4,717 hectares. The property was acquired by staking in Fiscal 2023 and 2022 due to the presence of a large radiometric anomaly detected by a 2020 government regional survey. The anomaly is similar in strength and shape to well-known rare earths deposits like Kipawa and Niobec and remains currently unexplained due to the lack of any exploration work. The property is accessible by gravel roads.

### *Exploration work on the property*

Historical work for the area is limited to a 1973 government regional mapping program which included stream sediment sampling. Only six outcrops were identified on the property and were described as gneiss or muscovite schist. The government report goes on to describe that the weak radioactivity within these schists was due to the presence of monazite, a primary rare earths mineral.

The government funded regional survey also identified a coincidental major north by northeast fault crossing the property and beyond which warrants exploration as it could explain the anomaly and identify mineralization that may be associated with it.

In Fiscal 2022, NeoTerrex conducted its initial work on the property with an airborne radiometric and magnetic survey which allowed to further define the geophysical anomaly and local structural features. Limited surface reconnaissance work consisting of prospecting and geological mapping of the geophysical anomalies was undertaken during the summer of 2023. Results are being reviewed to determine next steps for the property.

## **Beauchene**

### *Property Description*

The property is located in the southwestern portion of the Abitibi-Temiscamingue region of the province of Quebec, approximately 5 kilometres south from the town of Temiscaming. The property was acquired by staking in Fiscal 2023 and 2022. The property covers a total area of 1,638 hectares.

Local infrastructure consists of gravel roads accessible from the nearby highway and the town where a host of services are available. Both railway and electrical power lines are on the property.

### *Exploration work on the property*

The Beauchene property was acquired due the possible presence of rare earths within a geological context favorable to host sizeable mineralization. The historical work available is limited and did not provide any assays for the rare earths mineralization, and only indicated visual observation of monazite, a rare earths bearing mineral. Past exploration work is limited to regional geological mapping. No drilling has occurred on the property and there is no evidence of any past sampling.

## **Roman**

### *Property Description*

On June 2, 2023, the Corporation entered into an agreement to acquire twenty-five (25) mineral claims located in the Province of Quebec in exchange for a cash payment of \$10,000, 300,000 common shares of the Corporation (valued at \$68,000, being the fair value) and a 2.0% NSR to be retained by the vendor. The Corporation has a right to purchase one-half (1%) of the NSR for \$500,000. The vendor is the President, CEO and a director of the Corporation. In addition, the Corporation acquired claims through map staking for an amount of \$7,259 in Fiscal 2023.

The Roman property, located 92 km of Havre Saint-Pierre, Cote-Nord, Quebec covers a total area of 2,166 hectares. The property was acquired by staking due to the presence of a large radiometric anomaly detected by a 2020 government regional survey. The anomaly is similar in strength and shape to well-known rare earths deposits like Kipawa and Niobec and remains currently unexplained due to the lack of any exploration work.

### *Exploration work on the property*

Past exploration work is limited to a survey completed by the government in 1997, in which a grab sample (No. 1997013454), located in the southern border of a small lake in the central portion of the property, has revealed an anomalous value of 442 ppm Lithium and some significant values of 830 ppm Rubidium, 258 ppm Zinc and 300 ppm Zirconium. No follow-up work was undertaken thereafter.

NeoTerrex will begin exploration on the property in 2024. Initial efforts will focus on locating and assaying the numerous pegmatites and reconnaissance geological mapping.

## **GreenWinds**

On December 15, 2022, the Corporation gave notice to the Optionors its decision to withdraw from the option agreement effective January 15, 2023.

## **Best Practices, Social Responsibility and Health, Safety and Environmental Policy**

The Corporation has implemented a policy to best practices, social responsibilities, the health and safety of its employees, consultants and contractors and respect for the environment where it works.

The Corporation is dedicated to operating according to the industry's standards in conducting, documenting, and reporting its activities on its various exploration projects.

The Corporation will make every effort to protect and promote the health and safety of all its employees, consultants and contractors, and will diligently apply health and safety procedures in all aspects of its business. No major accidents with loss of time or material were reported for Fiscal 2023.

The Corporation affirms that responsible environmental management and stewardship is a core value to its business model. Accordingly, the Corporation will take all necessary steps to minimize the impact of its exploration and development activities on the environment, and to protect the environment against risks that may arise from those activities.

Our business model is designed to ensure that we are close to our communities. As members, we embrace our social responsibilities and contribute to the continuous development of the communities in which we live and work. The Corporation continues to strengthen a culture of sustainable and profitable growth by formalizing a collective commitment to acting responsibly across our operations.

## Fourth Quarter

	Q4-2023	Q4-2022
	\$	\$
<b>Expenses</b>		
Exploration evaluation expenditures, net of tax credits and mining rights	71,615	455,212
Salaries	37,500	34,500
Professional and consulting fees	33,767	33,757
Regulatory and transfer agent fees	8,170	2,563
Conference and promotion	13,689	1,467
Insurances, taxes and permits	6,358	12,190
Listing expense	1,224,807	-
Other	3,094	4,858
<b>Total expenses</b>	<b>1,399,000</b>	<b>544,547</b>
<b>Other items</b>		
Flow-through shares premium	-	26,241
Finance income	47,321	29,872
<b>Total other items</b>	<b>47,321</b>	<b>56,113</b>
<b>Net loss and comprehensive loss</b>	<b>(1,351,679)</b>	<b>(488,434)</b>

The Corporation reported a net loss of \$1,351,679 for Q4-2023 compared to a net loss of \$488,434 for Q4-2022. The variance is mainly due to:

- A \$383,597 decrease in exploration and evaluation expenditures in Q4-2023 as compared to Q4-2022;
- Listing expenses incurred in Q4-2023 (Nil in Q4-2022): See Note 4 of the consolidated financial statements for additional details;
- A \$26,241 (none in Q4-2023) recovery of deferred income taxes was recognized in Q4-2022 to record the amortization, in proportion of the exploration work completed, of the premium related to flow-through shares following the December 2021 private placement; and
- Interest income of \$47,321 (\$29,872 in Q4-2022) earned in Q4-2023 relates to interest earned on guaranteed investment certificates. The increase in income in Q4-2023 as compared to Q2-2022 is due mainly to the rising interest rate.

The Corporation's exploration expenditures for the three-month period ended December 31, 2023 and 2022, were as follows:

	Three-month period ended December 31,	
	2023	2022
	\$	\$
Mineral acquisition and maintenance costs	-	4,881
Exploration expenses, net of tax credits and mining rights	71,615	450,331
	<b>71,615</b>	<b>455,212</b>

The exploration and evaluation expenses incurred in Q4-2022 were mainly on the Discovery and Decelles properties as compared to limited exploration mainly on the Discovery property in Q4-2023.

## Outlook

The Corporation has allocated a budget of \$2,549,000 over two years for the Mount Discovery property in two phases as recommended by the Technical Report with a second phase (\$2,148,000) warranted by positive results of phase 1 (\$401,000).

As part of the first phase, the Corporation launched a 2,000-metre drilling campaign on March 2024. The drill program's primary focus is to delineate areas exhibiting promising mineralization continuity and substantial widths. This strategic approach aims to ascertain both lateral and depth extensions of mineralized zones. The Corporation is poised to undertake further extensive drilling later in the summer, building upon the insights garnered from this initial endeavor.

The drilling targets include the King, Sicilian and Blitz showings. A few others are likely to be drilled depending on time and access. Excavation work will also be undertaken at several locations, including the Knight and Opening showings. Surface prospecting and geological is to be expanded from beyond the main zone area and will also focus on various other blocks forming the Mount Discovery property.

As part of a comprehensive exploration strategy, the Corporation plans to identify and drill numerous other targets during the summer months, following additional surface work and establishing further trail access. This multifaceted approach underscores the Corporation's commitment to methodical and systematic exploration, aimed at unlocking the full potential of the Mount Discovery property.

Prospecting and mapping of the Roman property will be undertaken during the summer months with the goal of locating lithium and rare earths occurrences in an area where lithium mineralization was identified in 1997. A second phase of exploration work may be undertaken later in the summer if warranted.

An initial reconnaissance and prospecting program will also occur on the Beauchene property to locate and sample historical rare earth mineralization.

The Company is also assessing new projects for potential acquisition.

## **Cash Flow**

The Corporation is dependent upon raising funds in order to fund future exploration programs. See "*Liquidity and Capital Resources*" and "*Risks Factors*".

### *Operating activities*

Cash used in operating activities for the year ended December 31, 2023 was \$699,963, compared to \$1,589,680 for the prior year. The decrease in cash outflows were primarily attributable to the non-cash component of listing expenses of \$893,457 and the decrease of exploration activities in Fiscal 2023 as compared to the prior year.

### *Financing activities*

In Fiscal 2023, the Corporation completed a brokered private placement concurrent with the Qualifying Transaction for aggregate proceeds of \$3,516,600 through the issuance of 8,638,000 units at a price of \$0.25 per unit and 4,523,668 common shares on a flow-through basis at a price of \$0.30 per flow-through share. In addition, the Corporation issued 2,195,900 common shares on exercise of broker warrants for total cash proceeds of \$220,228.

In Fiscal 2023, the cash component of the share and unit issue cost of \$427,636 consisted of the agents commission of \$229,995, agents fees of \$81,059, professional fees of \$83,582 and trustee fees of \$33,000 (\$60,364 of trade payables related to share and unit issue cost of 2021 was paid in Fiscal 2022).

### *Investing activities*

Cash acquired through the acquisition of Spitfyre in connection with the Qualifying Transaction amounted to \$354,043.

## Selected Annual Information

	Fiscal 2023	Fiscal 2022
<b>Financial results:</b>	<b>\$</b>	<b>\$</b>
Net loss and comprehensive loss	(2,095,051)	(1,028,484)
Loss per share, basic and diluted	(0.03)	(0.02)

  

	As of December 31,	
	2023	2022
Total assets	6,618,953	3,768,749

## Summary of Quarterly Information

For the most recent quarters since incorporation

	Q4-2023	Q3-2023	Q2-2023	Q1-2023
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net loss for the period	(1,351,679)	(307,981)	(332,757)	(102,634)
Net loss per share – Basic and diluted	(0.023)	(0.005)	(0.006)	(0.002)

	Q4-2022	Q3-2022	Q2-2022	Q1-2022
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net loss for the period	(488,434)	(330,250)	(113,683)	(96,117)
Net loss per share – Basic and diluted	(0.008)	(0.006)	(0.002)	(0.002)

### Quarterly highlights:

- Q1-2022 and Q2-2022: Limited exploration activities were carried out on the Mount Discovery property until the end of July 2022 when access to the surface rights were secured. In addition, most of the work was conducted during the summer and fall months due to favorable ground conditions for grassroots surface exploration.
- Q3-2022 and Q4-2022: Mount Discovery: Prospection, reconnaissance mapping, stripping and trenching on the southwest block. A magnetic and spectrometric survey was also conducted on the northeast block. Decelles: airborne geophysical surveys which were followed by a prospecting survey over select areas of interest.
- Q1-2023: Limited exploration was carried out on the properties.
- Q2-2023 and Q3-2023: Mount Discovery: In May 2023, the Corporation launched a prospecting and reconnaissance mapping program which was followed with trenching and stripping over the most prospective areas of the property during the summer. In June 2023, the Corporation acquired the Roman property for an amount of \$78,000.
- Q4-2023: Limited exploration work was conducted during the listing process of the Corporation on the Exchange. The listing expenses related to the Qualifying Transaction amounted to \$1,224,807 during this quarter.

## Liquidity and Capital Resources

The Corporation has no history of revenues from its operating activities. The Corporation is not in commercial production on any of its mineral properties and accordingly does not generate cash from operations. During the year ended December 31, 2023, the Corporation had negative cash flow from operating activities, and the Corporation anticipates it will have negative cash flow from operating activities in future periods.

The Corporation has, since its incorporation, financed its activities by raising capital through equity issuances. Until the Corporation can generate a positive cash flow position, in order to finance its exploration programs, the Corporation will remain reliant on the equity markets for raising capital, in addition to adjusting spending, disposing of assets and obtaining other non-equity sources of financing.

The Corporation believes it has sufficient cash resources and the ability to raise funds to meet its exploration and administrative overhead expenses and maintain its planned exploration activities for at least the next 12 months. However, there is no guarantee that the Corporation will be able to maintain sufficient working capital in the future due to market, economic and commodity price fluctuations. See "*Risks and Uncertainties*". The Corporation may also elect to advance the exploration and development of mineral projects through joint-venture participation.

The forecasted liquidity for Fiscal 2024 is as follows:

	<b>Forecast for Fiscal 2024</b>
	<b>\$</b>
Exploration and evaluation expenditures	(1,597,000)
Property maintenance	(20,000)
Identification and evaluation of future potential acquisitions	(100,000)
Operating expenses excluding non-cash items	(650,000)
Interest income	250,000
Tax credits and mining rights of preceding year	209,000
<b>Cash used</b>	<b>(1,908,000)</b>
<b>Cash and cash equivalent opening</b>	<b>6,274,000</b>
<b>Cash and cash equivalent ending</b>	<b>4,366,000</b>

### Contractual Obligations and Commitments

NeoTerrex has contractual obligations in the normal course of operations including operating agreements, claim rental payment obligation, and employment agreement. These obligations are of a recurring, consistent nature and impact NeoTerrex's cash flows in an ongoing manner.

#### Flow-through commitment obligations

On December 21, 2023, the Corporation raised \$1,357,100 through flow-through placements. The Corporation is required to fulfill its commitment within the stipulated deadline of December 31, 2024. As of December 31, 2023, the Corporation has not incurred any of this commitment.

### Related Party Transactions

Refer to Notes 8 and 12 of the Financial Statements.

### Subsequent Event

On January 30, 2024, the Corporation granted stock options to purchase an aggregate of 4,000,000 common shares of the Corporation to its directors and officers, in accordance with its stock option plan. The stock options vest immediately, are exercisable at \$0.25 per option and have a term of five years.

The stock options have a fair value of \$760,000 and will be expensed in the Consolidated Statement of Loss and Comprehensive Loss and credited to Contributed Surplus. The average fair value of the granted options of \$0.20 was determined using the Black-Scholes option pricing model using the following assumptions: share price of \$0.25, an exercise price of \$0.25, risk-free interest rate of 3.43%, expected life of options of 5 years, expected volatility rate of 101% and an expected dividend rate of 0%.

The underlying expected volatility used in the Black-Scholes option pricing model was determined by reference to historical data of similar companies' shares over the expected average life of the options.

## **Outstanding Share Data**

As at April 17, 2024, the Corporation had the following securities outstanding:

	<b>Number</b>
Common shares	80,851,568
Warrants	5,296,125
Options	4,000,000
Fully diluted	<u>90,147,693</u>

## **Off-balance Sheet Arrangements**

The Corporation does not have any off-balance sheet arrangements.

## **Management's Responsibility for Financial Information and Critical Accounting Estimates**

The Corporation's financial statements are the responsibility of the Corporation's management. The Financial Statements were prepared by the Corporation's management in accordance with IFRS. A description of the Corporation's material accounting policies can be found in Note 3 of the Corporation's Financial Statements. The Audit Committee of the Corporation carries out its responsibility for the financial statements by meeting periodically with management and auditors to review financial reporting and internal control matters.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of the assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The Corporation has identified the critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in Note 3.15 of the Corporation's Financial Statements.

## **Material Accounting Policies**

See note 3 of the Financial Statements.

## **New Accounting Standards**

The Corporation has reviewed new and amendments to existing accounting standards that have been issued but are not yet effective. The Corporation has not early adopted any new standards and determined that there are no new accounting standards that are relevant to the Corporation.

## **Financial Instruments**

The Corporation considers managing risk as being an integral part of its development and diversification strategies. The Corporation uses a proactive and rigorous approach for the management of the financial risks to which it is exposed. The Corporation's Board of Directors has the overall responsibility for the oversight of these risks and reviews the Corporation's policies on an ongoing basis to ensure that these risks, which are summarized below, are appropriately managed.

The Corporation does not actively engage in the trading of financial instruments for speculative purposes.

The Corporation's management manages financial risks. The Corporation focuses on actively securing short to medium term cash flows by minimizing the exposures to financial markets.

The Corporation's most significant financial risk exposure and its financial risk management policies are discussed in Note 11 of the Financial Statements.

## **Risk Factors**

The Corporation's principal activity is mineral exploration and development. Companies in this industry are subject to many kinds of risks, including, but not limited to, operational, technical, environmental, labour, social, political, security, financial, economic, and metals pricing. Additionally, often due to factors that cannot be predicted or foreseen, few exploration projects successfully achieve development. While risk management cannot eliminate the impact of all potential risks, the Corporation strives to manage risks to the extent possible and practicable.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Corporation's business. The risks and uncertainties below are not listed in order of importance, nor are they inclusive of all the risks and uncertainties the Corporation may be subject to, and therefore other risks may apply.

### **Nature of Mineral Exploration and Mining**

The Corporation's future is dependent on its exploration and development programs. The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which may not be eliminated even through a combination of careful evaluation, experience and knowledge. Few properties that are explored are ultimately developed into economically viable operating mines. Major expenditures on the Corporation's exploration properties may be required to construct or repair mining and processing facilities at a site, and it is possible that even preliminary due diligence will show adverse results, leading to the abandonment of projects. It is impossible to ensure that preliminary or full feasibility studies on the Corporation's projects, or the current or proposed exploration programs on any of the properties in which the Corporation has exploration rights, will result in any profitable commercial mining operations. The Corporation cannot give any assurance that its current and future exploration activities will result in a discovery of mineral deposits containing mineral reserves.

Estimates of mineral resources and any potential determination as to whether a mineral deposit will be commercially viable can also be affected by such factors as: the particular attributes of the deposit, such as its size and grade; unusual or unexpected geological formations and metallurgy; proximity to infrastructure; financing costs; metal prices, which are highly volatile; and governmental regulations, including those relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of metal concentrates, exchange controls and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of any or all of these factors may result in the Corporation not receiving an adequate return on its invested capital or suffering material adverse effects to its business and financial condition. Exploration and development projects also face significant operational risks including but not limited to an inability to obtain access rights to properties, accidents, equipment breakdowns, labour disputes (including work stoppages and strikes), and other unanticipated interruptions.

### **Exploration, Development and Operations**

The long term profitability of the Corporation's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors, including the Corporation's ability to extend the permitted term of exploration granted by the underlying claims, concessions and leases. Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that any such deposit will be commercially viable or that the funds required for development can be obtained on a timely basis.

### **Liquidity and Additional Financing**

The Corporation's ability to continue its business operations is dependent on management's ability to secure additional financing. The Corporation's only source of liquidity is its cash and cash equivalent balances. Liquidity requirements are managed based upon forecasted cash flows to ensure that there is sufficient working capital to meet the Corporation's obligations.

The advancement, exploration and development of the Corporation's properties, including continuing exploration and development projects, and, if warranted, construction or repair of mining facilities and the commencement of mining operations, will require substantial additional financing. As a result, the Corporation may be required to seek additional sources of equity financing in the near future. The Corporation's ability to raise additional equity financing may be affected by numerous factors beyond its control including, but not limited to, adverse market conditions, commodity price changes and economic downturns. There can be no assurance that the Corporation will be successful in obtaining any additional financing required to continue its business operations and/or to maintain its property interests, or that such financing will be sufficient to meet the Corporation's objectives or obtained on terms favourable to the Corporation. Failure to obtain sufficient financing as and when required may result in the delay or indefinite postponement of exploration and/or development on any or all of the Corporation's properties, or even a loss of its property interests, which would have a material adverse effect on the Corporation's business, financial condition and results of operations.

### **No Earnings and History of Losses**

The business of developing and exploring resource properties involves a high degree of risk and, therefore, there is no assurance that current exploration programs will result in profitable operations. NeoTerrex does not have any history of earnings or profitability. The Corporation has not determined whether any of its properties contains economically recoverable reserves of mineralized material and currently has not earned any revenue from its projects; therefore, the Corporation does not generate cash flow from its operations. There can be no assurance that significant additional losses will not occur in the future. The Corporation's operating expenses and capital expenditures may increase in future years with advancing exploration, development and/or production from the Corporation's properties. The Corporation does not expect to receive revenues from operations in the foreseeable future and expects to incur losses until such time as one or more of its properties enters into commercial production and generates sufficient revenue to fund continuing operations. There is no assurance that any of the Corporation's properties will eventually enter commercial operation. There is also no assurance that new capital will become available, and if it does not, the Corporation may be forced to substantially curtail or cease operations. Because NeoTerrex has a limited operating history, investors should consider and evaluate the Corporation's operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that it may not have sufficient capital to achieve its growth strategy;
- risks that its growth strategy may not be successful; and
- risks that fluctuation in its operating results will be significant relative to its revenues.

The Corporation's future growth will depend substantially on its ability to address this and other risks described in this section. If it does not successfully address these risks, its business may be significantly harmed.

### **Volatility of Commodity Prices**

The development of the Corporation's properties is dependent on the future prices of minerals and metals. As well, should any of the Corporation's properties eventually enter commercial production, the Corporation's profitability will be significantly affected by changes in the market prices of minerals and metals.

REE and lithium prices are subject to volatile price movements, which can be material and occur over short periods of time and which are affected by numerous factors, all of which are beyond the Corporation's control. Such factors include, but are not limited to, interest and exchange rates, inflation or deflation, fluctuations in the value of the U.S. dollar and foreign currencies, global and regional supply and demand, speculative trading, the costs of and levels of REE and lithium production, and political and economic conditions. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems, the strength of and confidence in the U.S. dollar (the currency in which the prices of REE and lithium are generally quoted), and political developments.

The effect of these factors on the prices of REE and lithium, and therefore the economic viability of any of the Corporation's exploration projects, cannot be accurately determined. The prices of commodities have historically fluctuated widely, and future price declines could cause the development of (and any future commercial production from) the Corporation's properties to be impracticable or uneconomical. As such, the Corporation may determine that it is not economically feasible to commence commercial production at some or all of its properties, which could have a material adverse impact on the Corporation's financial performance and results of operations. In such a circumstance, the Corporation may also curtail or suspend some or all of its exploration activities.

### **Acquiring Title**

The acquisition of title to mineral properties is a very detailed and time-consuming process. The Corporation may not be the registered holder of some or all of the claims, concessions and leases. These claims, concessions or leases may currently be registered in the names of other individuals or entities, which may make it difficult for the Corporation to enforce its rights with respect to such claims, concessions or leases. There can be no assurance that proposed or pending transfers will be effected as contemplated. Failure to acquire title to any of the claims, concessions or leases at one or more of the Corporation's projects may have a material adverse impact on the financial condition and results of operations of the Corporation.

### **Title Matters**

Once acquired, title to, and the area of, mineral properties may be disputed. There is no guarantee that title to one or more claims, concessions or leases at the Corporation's projects will not be challenged or impugned. There may be challenges to any of the Corporation's titles which, if successful, could result in the loss or reduction of the Corporation's interest in such titles. The Corporation'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 Corporation 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.

### **Insurance and Uninsured Risks**

The Corporation's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, catastrophic equipment failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Corporation's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although the Corporation will maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Corporation or to other companies in the mining industry on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards that may not be insured against or that the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### **Environmental Risks and Hazards**

All phases of the Corporation's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the 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 that 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. There is no assurance that existing or future environmental regulation will not materially adversely affect the Corporation's business, financial condition and results of operations.

Government environmental approvals and permits are currently, or may in the future be, required in connection with the Corporation's operations. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from proceeding with planned exploration, development or operation of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, 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, including the Corporation, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

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

### **Construction and Start-up of New Mines**

The success of construction projects and the start up of new mines by the Corporation is subject to a number of factors including the availability and performance of engineering and construction contractors, mining contractors, suppliers and consultants, the receipt of required governmental approvals and permits in connection with the construction of mining facilities and the conduct of mining operations (including environmental permits), and the successful completion and operation of operational elements that have to be factored in. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Corporation is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with new mines could delay or prevent the construction and start-up of new mines as planned. There can be no assurance that current or future construction and start-up plans implemented by the Corporation will be successful; that the Corporation will be able to obtain sufficient funds to finance construction and start-up activities; that available personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects; that the Corporation will be able to obtain all necessary governmental approvals and permits; and that the completion of the construction, the start-up costs and the ongoing operating costs associated with the development of new mines will not be significantly higher than anticipated by the Corporation. Any of the foregoing factors could adversely impact the operations and financial condition of the Corporation.

### **Infrastructure**

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's business, financial condition and results of operations.

### **Competition for Exploration, Development and Operation Rights**

The mining industry is intensely competitive in all of its phases and the Corporation competes with many companies possessing greater financial and technical resources than the Corporation. Competition in the metals mining industry is primarily for: mineral rich properties that can be developed and produced economically; the technical expertise to find, develop and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine REE and lithium metals, but conduct refining and marketing operations on a global basis. Such competition may result in the Corporation being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Corporation's prospects for mineral exploration and success in the future.

Increased demand for services and equipment could cause project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, or at all, and increase potential scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays or both.

### **Governmental Regulation**

The mineral exploration and development activities of the Corporation are subject to various laws governing prospecting, exploration, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters in local areas of operation. Although the Corporation's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, development or production. Amendments to current laws and regulations governing the Corporation's operations, or more stringent implementation thereof, could have an adverse impact on the Corporation's business and financial condition.

### **Attracting and Retaining Talented Personnel**

The Corporation's success will depend in large measure on the abilities, expertise, judgment, discretion, integrity and good faith of management and other personnel in conducting the business of the Corporation. NeoTerrex will initially have a small management team and the loss of any of these individuals or the inability to attract suitably qualified staff could materially adversely impact the business. The Corporation's ability to manage its operating, development, exploration and financing activities will depend in large part on the efforts of these individuals. The Corporation may also experience difficulties in certain jurisdictions in efforts to obtain suitably qualified staff and retaining staff who are willing to work in that jurisdiction. The Corporation's success will depend on the ability of management and employees to interpret market and geological data successfully and to interpret and respond to economic, market and other business conditions in order to locate and adopt appropriate investment opportunities, monitor such investments and ultimately, if required, successfully divest such investments. Further, key personnel may not continue their association or employment with the Corporation, which may not be able to find replacement personnel with comparable skills. The Corporation has sought to and will continue to ensure that management and any key employees are appropriately compensated; however, their services cannot be guaranteed. If the Corporation is unable to attract and retain key personnel, business may be adversely affected. The Corporation faces intense competition for qualified personnel, and there can be no assurance that the Corporation will be able to attract and retain such personnel.

### **Possible Conflicts of Interest of Directors and Officers of the Corporation**

Certain of the directors and officers of the Corporation will also serve as directors and/or officers of other Companies involved in mineral resource exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. The Corporation expects that any decision made by any of such directors and officers involving the Corporation will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Corporation and its shareholders, but there can be no assurance in this regard.

### **Permitting Risk**

The Corporation's operations are subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of permits for the existing operations, additional permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development or operations on any of its properties, the Corporation must receive permits from appropriate governmental authorities. There can be no assurance that the Corporation will continue to hold all permits necessary to develop or continue operating at any particular property.

### **Community Relationships**

The Corporation's relationships with the communities in which it operates are critical to ensure the future success of its existing operations and the construction and development of its projects.

NeoTerrex's projects fall within Algonquin and Innu First Nations traditional territories. As the projects progress, the Corporation will engage both the aboriginal and non-aboriginal stakeholders to inform and consult the First Nations and the public on the activities at its projects, to address their concerns and to collect their comments. Agreements may have to be negotiated with the First Nations involved as the projects progress.

While the Corporation is committed to operating in a socially responsible manner and working towards entering into agreements in satisfaction of such requirements, there is no guarantee that its efforts will be successful, in which case interventions by third parties could have a material adverse effect on the Corporation's business, financial position and results of operations.

### **Volatility of Market for the Corporation's common shares**

The market price of the Corporation's common shares may be highly volatile and could be subject to wide fluctuations in response to a number of factors that are beyond the Corporation's control, including: (i) dilution caused by issuance of additional common shares and other forms of equity securities, which the Corporation expects to make in connection with future financings to fund operations and growth, to attract and retain qualified personnel and in connection with future strategic partnerships with other companies, (ii) announcements of new acquisitions, reserve discoveries or other business initiatives by competitors, (iii) fluctuations in revenue from operations as new reserves come to market, (iv) changes in the market for REE, lithium and/or in the capital markets generally, (v) changes in the demand for minerals and metals; and (vi) changes in the social, political and/or legal climate in the regions in which the Corporation operates. In addition, the market price of the Corporation common shares could be subject to wide fluctuations in response to: (a) quarterly variations in operating expenses, (b) changes in the valuation of similarly situated companies, both in the mining industry and in other industries, (c) changes in analysts' estimates affecting the Corporation, competitors and/or the industry, (d) changes in the accounting methods used in or otherwise affecting the industry, (e) additions and departures of key personnel, (f) fluctuations in interest rates, exchange rates and the availability of capital in the capital markets, and (g) significant sales of the Corporation common shares, including sales by future investors in future offerings which may be made to raise additional capital. These and other factors will be largely beyond the Corporation's control, and the impact of these risks, singularly or in the aggregate, may result in material adverse changes to the market price of the Corporation common shares and/or the Corporation's results of operations and financial condition.

### **Dilution Risk**

In order to finance future operations and development efforts, the Corporation may raise funds through the issue of its common shares or securities convertible into the Corporation's common shares. The constating documents of the Corporation will allow it to issue, among other things, an unlimited number of its common shares for such consideration and on such terms and conditions as may be established by the directors of the Corporation, in many cases, without the approval of shareholders. The size of future issues of the Corporation's common shares or securities convertible into the Corporation's common shares or the effect, if any, that future issues and sales of the Corporation's common shares will have on the price of the Corporation's common shares cannot be predicted at this time. Any transaction involving the issue of previously authorized but unissued common shares of the Corporation or securities convertible into the Corporation's common shares would result in dilution, possibly substantial, to present and prospective shareholders of the Corporation.

### **Dividends**

The Corporation does not intend to declare dividends for the foreseeable future, as the Corporation anticipates that any future earnings will be re-invested in the development and growth of the business. Therefore, investors will not receive any funds unless they sell their common shares in the Corporation, and shareholders may be unable to sell their shares on favorable terms or at all. Investors cannot be assured of a positive return on investment or that they will not lose the entire amount of their investment in the shares of the Corporation.

### **Early Stage Development**

The Corporation is in the business of mineral exploration, with the ultimate goal of producing, achieving commercial production. The Corporation's projects have not commenced commercial production and the Corporation does not have a history of earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that the Corporation will be able to develop its projects profitably or that its activities will generate positive cash flow. The Corporation have not paid any dividends and it is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. The Corporation have limited cash and other assets. A

prospective investor in the Corporation must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of the Corporation's management in all aspects of the development and implementation of the Corporation's business activities.

#### **Ability to Exploit Future Developments**

It may not always be possible for the Corporation to participate in the exploitation of successful discoveries. Such exploitation may involve the need to obtain licenses or clearance from the relevant authorities, which may not be available on a timely basis or may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied, and such conditions may prove uneconomic or not practical. Furthermore, the decision to proceed to further exploration may require the participation of other companies whose interest and objectives may not be consistent with those of the Corporation. Such further exploitation may also require the Corporation to meet or commit to financial obligations which it may not have anticipated or may not be able to commit to due to a lack of funds or an inability to raise funds.

#### **Deficient Third Parties' Reviews, Reports and Projections**

The Corporation relies upon third parties to provide analysis, reviews, reports, advice and opinions regarding the Corporation's projects. There is a risk that such analysis, reviews, reports, advice, opinions and projects are inaccurate, in particular with respect to resource estimation, process development and recommendations for products to be produced as well as with respect to economic assessments including estimating the capital and operation costs of the Corporation's project and forecasting potential future revenue streams. Uncertainties are also inherent in such estimations.

#### **Operating Hazards and Risks**

Mineral resource exploration and development and the operation of mineral processing facilities involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These hazards include failure of equipment or processing facilities to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, government or regulatory action or delays, unanticipated events related to health, safety and environmental matters, formation pressures, fires, power outages, labour disruptions, flooding, explosions, and the inability to obtain suitable or adequate machinery, equipment or labour.

Operations in which the Corporation may have a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in work stoppages, damage to or destruction of property, loss of life and environmental damage. Although the Corporation plans to maintain liability insurance in an amount it considers adequate, the nature of these risks is such that liabilities might exceed any insurance policy limits, the liabilities and hazards might not be insurable or the Corporation might not elect to insure itself against such liabilities due to high premium costs or other factors. Such liabilities may have a materially adverse effect upon the Corporation's financial condition.

#### **Property Commitments**

The Corporation's mineral properties and/or interests may be subject to various land payments, royalties and/or work commitments. Failure by the Corporation to meet its payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of the Corporation's property interests.

#### **Dependence on the Mount Discovery Project**

Presently, the Mount Discovery Project will account for all of the Corporation's future revenue. Any adverse development affecting the progress of the Mount Discovery project such as, but not limited to, obtaining development financing on commercially suitable terms, hiring suitable personnel and mining contractors, or securing supply agreements on commercially suitable terms, may have a material adverse effect on the Corporation's financial performance and results of operations.

#### **Option and Joint Venture Agreements**

The Corporation may enter into option agreements and/or joint ventures as a means of gaining property interests and raising funds. Any failure of any partner to meet its obligations to the Corporation or other third parties, or any disputes with respect to third parties' respective rights and obligations, could have a negative impact on the Corporation.

The Corporation may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements, and the result may be a materially adverse impact on the strategic value of the underlying properties.

#### **Mineral Properties may be subject to Rights of Indigenous Peoples**

Various international, national, state and provincial laws, codes, resolutions, conventions, guidelines, treaties and other principles and considerations relate to the rights of indigenous peoples. The Corporation holds exploration interests in respect of operations located in some areas presently or previously inhabited or used by indigenous peoples. Many of these impose obligations on government to respect the rights of indigenous people. Some mandate consultation with indigenous people regarding actions which may affect indigenous people, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various international and national requirements, principles and considerations pertaining to indigenous people continue to evolve and be defined. The projects in respect of which the Corporation holds an interest are subject to the risk that one or more groups of indigenous people may oppose operation or new development. Such opposition may be directed through legal or administrative proceedings or protests, roadblocks or other forms of public expression against the operator's activities. Opposition by indigenous people to such activities may require modification of or preclude operation or development of projects or may require the entering into of agreements with indigenous people. Claims and protests of indigenous peoples may disrupt or delay activities of the operators of assets in respect of which the Corporation holds an exploration interest which may result in a material adverse effect on the Corporation's profitability, results of operations and financial condition and the trading price of its securities.

#### **Volatile Global Financial and Economic Conditions**

Current global financial and economic conditions remain extremely volatile and unpredictable, which may impact the Corporation's ability to obtain financing in the future on favourable terms or obtain any financing at all. Additionally, negative global economic conditions may cause a long-term decrease in asset values. If such global volatility and market turmoil recur or continue, the Corporation's operations and financial condition could be adversely impacted.

#### **Limited Market for Securities**

There can be no assurance that an active and liquid market for the Corporation's common shares will be maintained, and an investor may find it difficult to resell any securities of the Corporation.

#### **Disruption of Business**

Conditions or events including, but not limited to, those listed below could disrupt the Corporation's operations and/or increase operating expenses, resulting in delayed performance of contractual obligations or require additional expenditures to be incurred: (i) extraordinary weather conditions or natural disasters including, but not limited to, hurricanes, tornadoes, floods, fires, extreme heat, and earthquakes; (ii) a local, regional, national or international outbreak of a contagious disease, including COVID-19, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity; (iii) political instability, social or labour unrest, war or terrorism; or (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road.

## Cautionary Note Regarding Forward-Looking Information

Some statements contained in this MD&A, especially the opinions, the projects, the objectives, the strategies, the estimates, the intent and the expectations of NeoTerrex that are not historical data, are forward looking statements. Such statements can be recognized by the terms “forecast”, “anticipate”, “consider”, “foresee” and other terms and similar expressions. These statements are based on information available at the time they are made, on assumptions established by the management and on the management expectation, acting in good faith, concerning future events and concerning, by their nature, known and unknown risks and uncertainties mentioned herein (see above the section Risks Factors). The real results for NeoTerrex could differ in an important way of those which state or that these forward-looking statements show the possibility for. Consequently, it is recommended not to trust unduly these statements. These statements do not reflect the potential incidence of special events which could be announced or take place after the date of this MD&A. These statements speak only as of the date of this MD&A. NeoTerrex undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable law.

April 17, 2024

(s) Mathieu Stephens

Mathieu Stephens  
CEO and President

(s) Vatche Tchakmakian

Vatche Tchakmakian  
Chief Financial Officer and Secretary