



**GRID METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2023**

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the December 31, 2022 consolidated financial statements of Grid Metals Corp. ("Grid" or the "Company"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address future exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Additional information can be found on SEDAR, www.sedar.com. All amounts are in Canadian dollars, unless otherwise noted.

1. DATE

The date of this MD&A is May 29, 2023.

2. SUMMARY

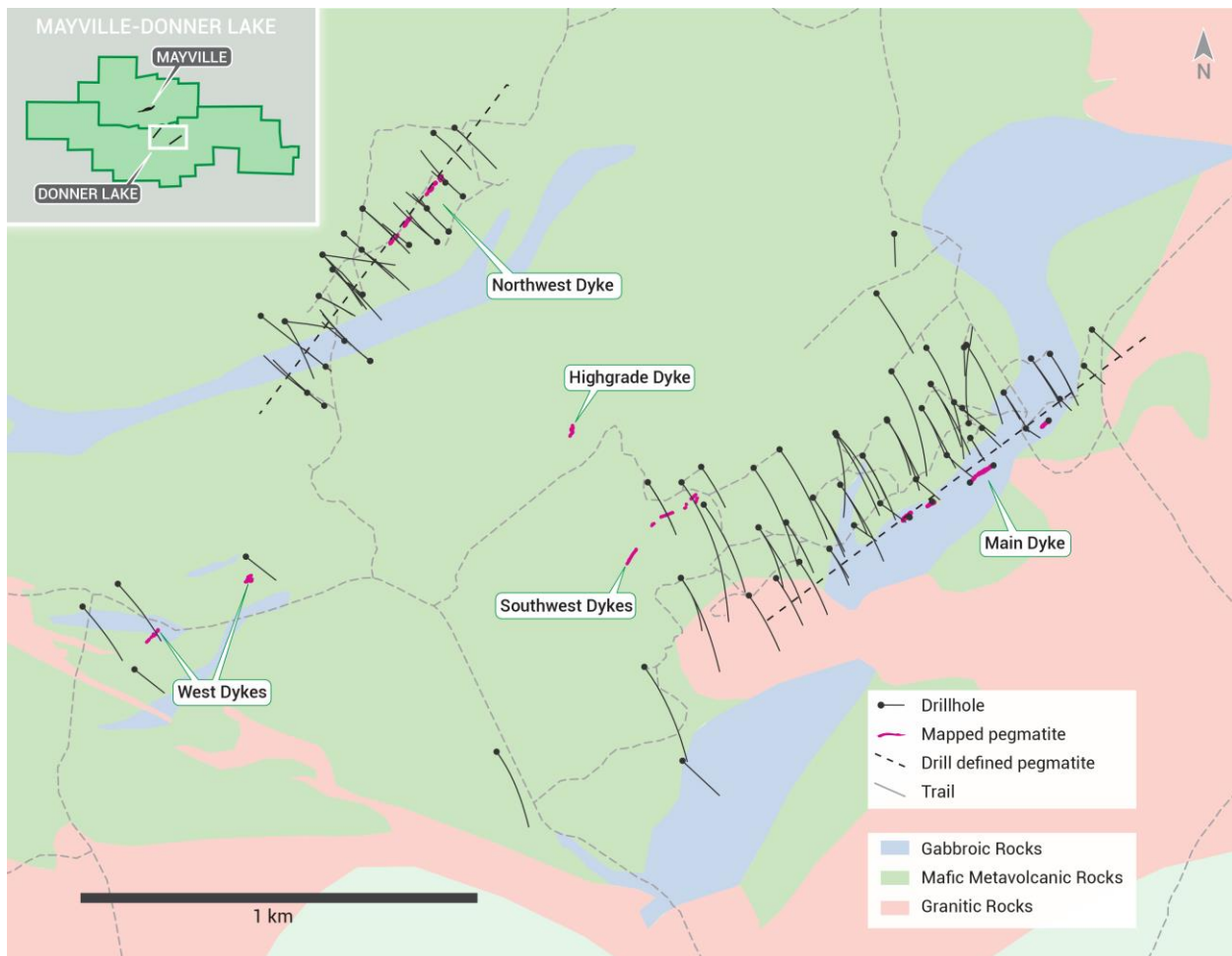
Grid Metals Corp. is focused on mineral exploration and development of properties in Manitoba and Ontario, Canada. The metals focus is on lithium and nickel – copper - platinum group metals which are critical metals used in electric vehicle batteries and emissions reduction, central to the decarbonization of the environment. The primary properties that as of the date hereof are currently under active exploration and development are (1) the exploration-stage **Donner Lake Lithium** Property and (2) the PEA-stage **Makwa-Mayville Nickel Copper PGM Cobalt** Project. Both projects are located in the Bird River Greenstone Belt in southeastern Manitoba.

The development strategy for Donner Lake is to permit a toll milling operation with lithium ore to be shipped to the Tanco Mine for processing thereby negating the immediate requirement to build a processing facility on site. A toll milling operation would then fund future exploration and development in the Bird River area. The Company has signed an MOU with the Tanco Mine for toll milling in this regard.

The Company plans additional exploration at the Makwa Mayville Property in order to ultimately expand the current resource base and enable the project to gain critical mass. To this end the Company acquired significant land positions that are contiguous to current land holdings subsequent to quarter end. The land positions cover extensions of prospective geology and host three discrete near surface Ni-Cu-PGM sulfide deposits and numerous nickel sulfide occurrences.

First Quarter 2023 Operational Highlights

Donner Lake Lithium. A maiden mineral resource delineation drilling program was concluded at both the Main and Northwest dykes. A total of 20,475 meters in 83 holes have now been completed since the commencement of drilling in Q1 2022. Both dykes have been drilled to an approximate vertical depth of 300 meters at an average hole spacing ranging between 60 and 100 metres. Drilling in Q1 2023 also included several exploration holes targeting other pegmatite bodies located adjacent to the Main and Northwest dykes, most of which encountered narrow but high grade intervals of lithium-bearing pegmatite. Following the completion of drilling, SGS Canada was engaged to complete an initial resource estimate to be prepared in compliance with National Instrument 43-101. Baseline environmental studies, metallurgical test work, permitting activities and engagement with First Nations are all continuing in support of the project. The Company has now prepared a draft Advanced Exploration Permit which, when approved by the Province of Manitoba, would enable a bulk sample to be completed. A metallurgical study on the mineralogy and recovery of lithium from the Main and Northwest Dykes was commissioned with XPS- Expert Process Solutions of Sudbury chosen to complete the work.



Above: Location of historical, 2022 and 2023 exploration and resource delineation drill holes at Donner Lake Lithium Property.

Falcon West Lithium Property

Acquisition - During the first quarter of 2023 Grid announced the acquisition of the Falcon West Lithium Property which is located ~100 km east of Winnipeg. Falcon West is a grass roots project that has significant lithium values in historical drill holes over a ~one kilometer strike length. The property straddles a favourable geological contact and Grid has staked additional mining claims covering the favourable geological horizon for approximately 70 km enabling the Company to lock up a camp scale opportunity. Currently the Company is completing permitting requirements including First Nation engagement in order to obtain the necessary approvals for initial drilling at the property.

Assaying of Falcon West Drill Core - The vendor of the Falcon West Lithium Property Grid had completed twelve shallow drill holes from the Lucy claim of the property. When assayed by Grid the drill core was found to contain lithium values of up to 3.9%, cesium values of up to 17.2% and tantalum values of up to 1.4%. These results confirmed the prospectivity of the property and demonstrated the highly fractionated nature of the pegmatite that was intersected by the drilling.

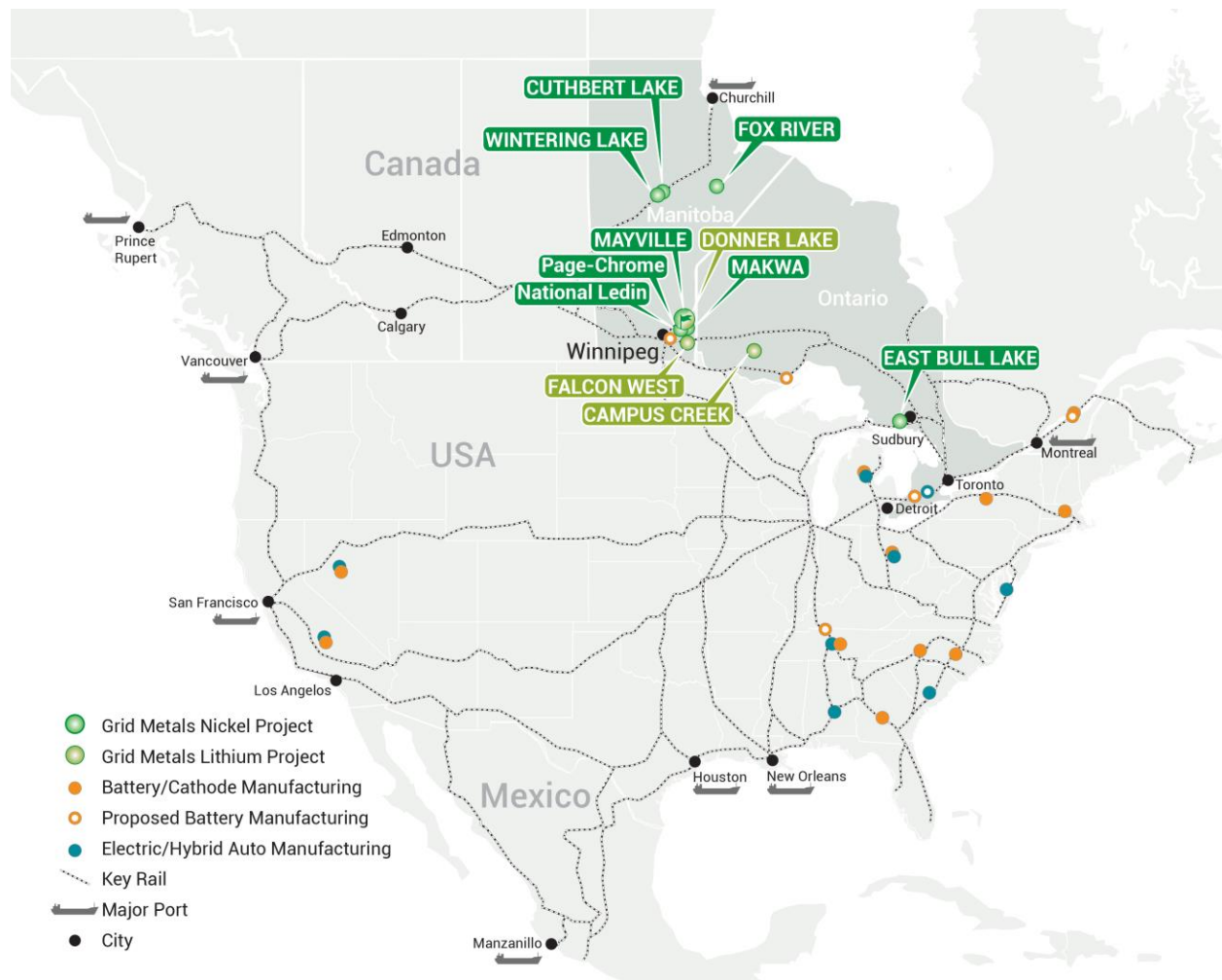
The location of the Falcon West Lithium Property is viewed as highly complementary to the Company strategy of creating a lithium “hub” in southeastern Manitoba.

Makwa Mayville Ni-Cu-PGM Property

The Company completed six (6) drill holes at the Mayville property during the first quarter of 2023. Results of the exploration drill holes are currently pending. The Company has commissioned a resource estimate for the Makwa Mayville Ni-Cu-PGM project to update the previous resource estimate from April 2014 (RPA Associates). Further drilling and expansion of the resource base is viewed as the best approach enabling the project to reach commercial production. Subsequent to the quarter end the Company announced that it had acquired additional land holdings in the Bird River area which will be evaluated for base metal potential.

Manitoba - A Tier One Mining Jurisdiction

The Company views southeastern Manitoba as an excellent location for development of its lithium and nickel projects. The project area has excellent infrastructure, a skilled local workforce and low cost hydroelectric power. The Province of Manitoba has supported mining activities for many years and the area has existing road and rail access to both the eastern and western parts of Canada and to the United States.



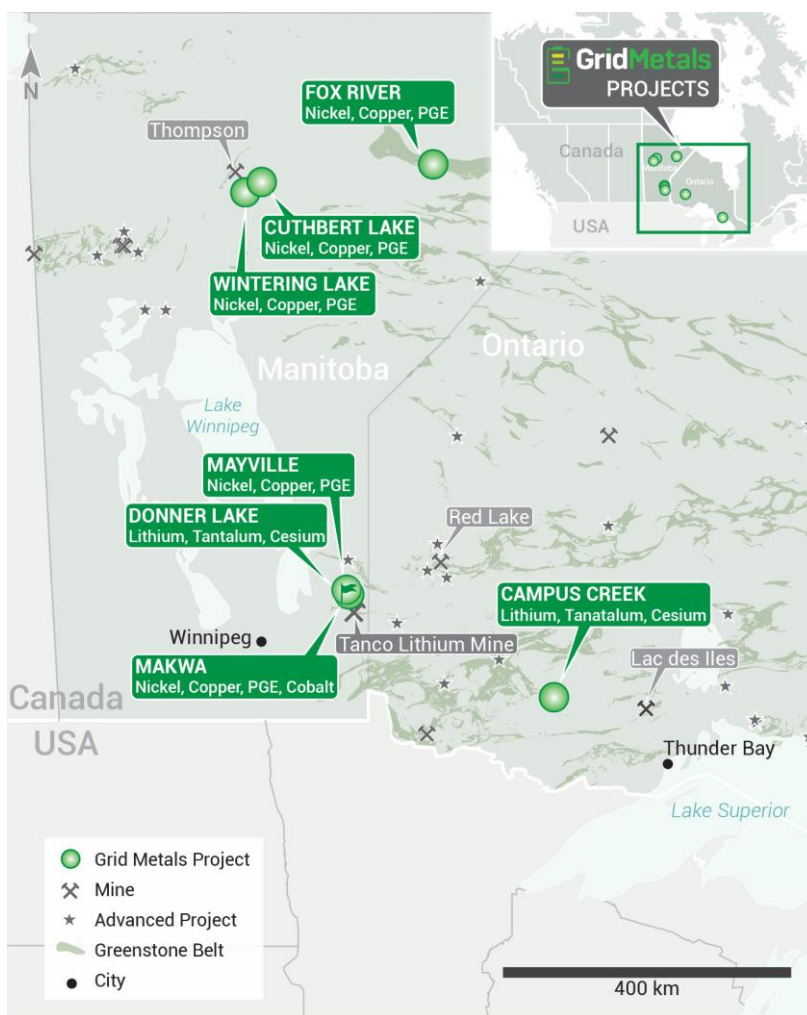
Above: Location of Grid Metals properties and North American existing and planned battery and EV manufacturing plants demonstrating the ideal location of the Company's southeast MB properties in terms of road and rail infrastructure and Critical Metals downstream industries.

Environmental Social and Governance

The Company is committed to increasing its operations, compliance and practices relating to environmental, social issues and governance matters going forward. With respect to environmental stewardship the Company looks to minimize the footprint of its on the ground activities and comply with and exceed all government regulations relating to its activities.

The Company has an agreement with the Sagkeeng First Nation in whose Traditional Territory the Donner Lake and Makwa Mayville projects are located. The purpose of the agreement is to establish a mutually beneficial relationship covering environmental and economic aspects of the project.

PROPERTY SUMMARIES



Above: Location of Grid Metals Lithium and Nickel exploration properties in Manitoba and Northwestern Ontario.

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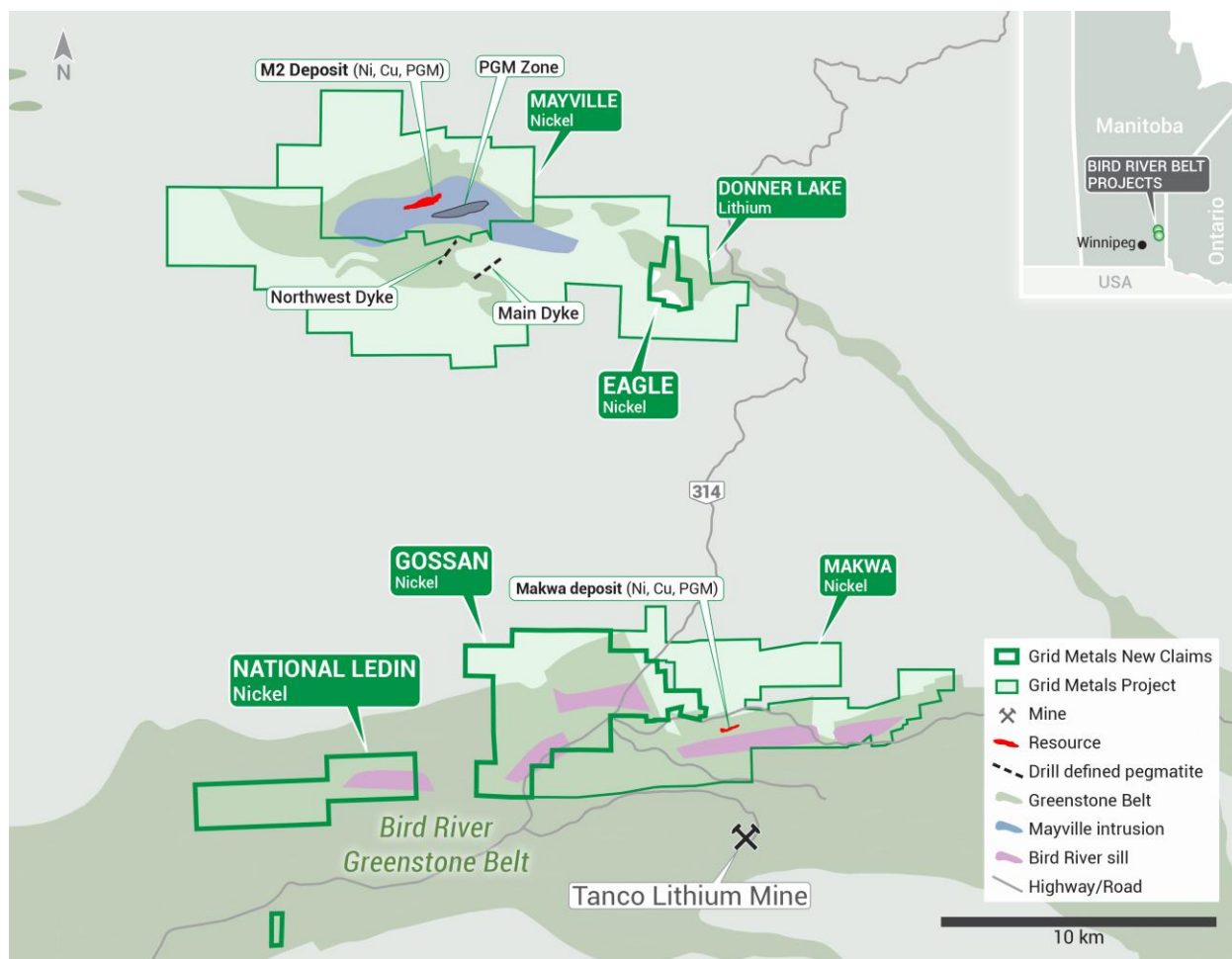
Makwa Mayville Ni-Cu-PGM-Co Project

Overview

The Makwa Mayville Ni-Cu-PGM-Co property is located 145 kilometres northeast of Winnipeg, Manitoba. The mineral title to the property is held via several blocks of mining claims and a mineral lease over the Makwa Nickel deposit. The Mayville part of the property is subject to a joint venture between Grid (60%) and Maskwa Nickel Chrome Mines Limited (40%) Makwa Nickel Chrome Mines Limited is a 72.56% owned subsidiary of Grid.

There are two NI 43-101 defined resources making up the project resource, *viz.*: (1) Makwa, where the predominant metal is nickel with by-product credits of copper and platinum group metals (mostly palladium); and (2) Mayville, which is a copper-dominant copper-nickel sulfide deposit with significant platinum group metals credits. The two deposits are only 35 km apart and the current Technical Report, a Preliminary Economic Assessment published in 2014, envisaged a central concentrator located at Mayville and treating feed from both deposits. Over the past two decades Grid has spent over \$25 million in exploration and development on the two properties.

The overall strategy for the Makwa Mayville project is to expand the resources (RPA, 2014 – see below) to exceed the following threshold values: 200,000 tonnes of contained nickel, 250,000 tonnes of contained copper and 1 million ounces of combined, contained palladium + platinum + gold. To increase the potential of achieving this resource expansion target and subsequent to the end of the quarter, the Company announced the acquisition of three mineral deposits and associated prospective nickel sulfide exploration ground known as the Page-Ore Fault-Chrome property (Gossan claims, adjacent to Makwa) and the Eagle property (adjacent to Mayville). In addition, the Company recently staked several claims covering the western extension of the Bird River Sill (National Ledin claims).



Above: Map of Bird River Greenstone belt showing Grid properties

The most recent economic study at the Makwa Mayville Project was a Preliminary Economic Assessment completed in April 2014 and authored by RPA Associates. Since 2014 additional metallurgical testwork was completed for the Mayville deposit. The testwork concluded that nickel recoveries from the Mayville resource could be significantly improved over the levels that were used in the 2014 PEA.

The current mineral resources for Makwa Mayville as stated in the 2014 PEA are tabulated below.

MINERAL RESOURCE SUMMARY AS OF NOVEMBER 27, 2013

Mustang Minerals Corp. – Makwa-Mayville Project

Class and Deposit	Tonnes (Mt)	Ni (%)	Cu (%)	Pt (g/t)	Pd (g/t)	Au (g/t)	Co (%)
Indicated							
Makwa	7.2	0.61	0.13	0.10	0.36	N/A	0.01
Mayville	26.6	0.18	0.44	0.05	0.14	0.05	N/A
Total Indicated	33.8	0.27	0.37	0.06	0.19	N/A	N/A
Inferred							
Makwa	0.7	0.27	0.08	0.05	0.14	N/A	0.02
Mayville	5.2	0.19	0.48	0.06	0.15	0.04	N/A
Total Inferred	5.8	0.19	0.43	0.06	0.15	N/A	N/A

Notes:

1. CIM Definition Standards have been followed for classification of Mineral Resources
2. Mineral Resources are reported at a net smelter return (NSR) cut-off value of C\$15/tonne at Mayville and C\$20.64/tonne at Makwa
3. At Mayville, NSR values are calculated in C\$ using factors of \$51 per % Cu and \$41 per % Ni. These factors are based on metal prices of US\$3.40/lb Cu and US\$8.50/lb Ni, estimated recoveries and smelter terms, and a US\$/C\$ exchange rate of 0.97.
4. The Makwa Mineral Resources are estimated using metal prices of US\$3.40/lb Cu and US\$8.50/lb Ni, estimated recoveries and smelter terms, and a US\$/C\$ exchange rate of 0.97. The NSR factors used are: \$87.33 per % Ni, \$29.65 per % Cu, \$38.25 per % Co, \$0.14 per g/t Pt and 0.08 per g/t Pd.
5. Totals may not add correctly due to rounding.
6. Mineral resources that are not Mineral Reserves do not have demonstrated economic viability.

Mineral Title

The mineral rights of the **Makwa Property** consist of a mineral lease with an unexpired term of 19 years, a surface lease, and exploration claims held by the Company. An annual payment of approximately \$10,000 must be made to the province of Manitoba to keep the mineral lease and surface lease in good standing. There is a 1.0% NSR royalty on the Makwa property. The Company has the option to purchase 0.5% of the NSR royalty for \$500,000.

The Company owns a cumulative 89% interest in the **Mayville Property** (consisting entirely of Crown Mineral Claims) in 2005. A direct 60% interest was acquired from a vendor for consideration of \$90,000 in cash, a note for \$165,000 due 18 months from closing (which was paid during 2006), and 700,000 common shares of the Company (issued in 2005). The additional 29% interest was acquired through the acquisition of a 72.56% interest in Maskwa Nickel Chrome Mines Limited (“MNCM”), a company which holds the remaining 40% interest in the Mayville property subject to a joint venture agreement. If a party to the joint venture agreement is diluted below 10% then their respective interest converts to a 10% Net Profits Interest which is payable after all capital investment and exploration and development costs have recouped by the operating party. Grid is the operator of the joint venture. The shares in MNCM were acquired through the issuance of 400,000 common shares of the Company and a cash payment of \$120,000. A royalty payment in the amount of \$210,000 will be due in five equal annual payments upon the commencement of commercial production on any portion of the MNCM property. Subsequent to year end 25% of the lithium rights and a 2% royalty to the original Tanco Claims and fifteen of the original Mayville mining claims were sold to Lithium Royalty Corp. for US \$2.25 million.

Both Makwa and Mayville are located on the Traditional Territory of the Sagkeeng First Nation.

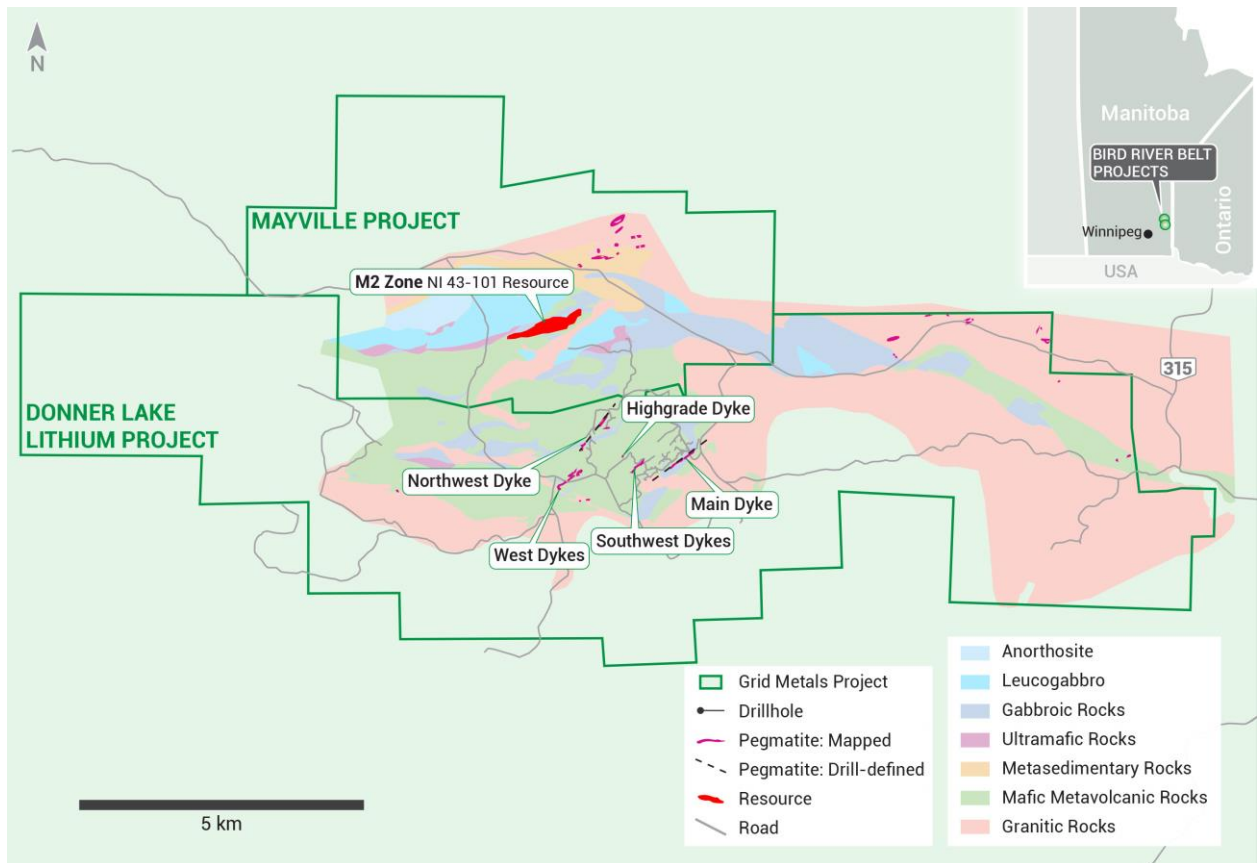
Following additional drilling and exploration and adding additional resources the Company anticipates completing an updated PEA for the project.

Donner Lake Lithium Property

Overview

The Bird River Greenstone Belt in southeastern Manitoba hosts several lithium-cesium-tantalum-enriched (“LCT-type”) pegmatite dykes including the world famous Tanco pegmatite and the producing Tanco Mine. The Tanco Mine has produced lithium, tantalum, and cesium products intermittently since 1968. Currently, the Tanco Mine is producing lithium spodumene concentrate. There are a number of pegmatite fields in the Bird River Greenstone area in addition to Bernic Lake. There has been intermittent exploration activity in the belt since the 1950’s. With the recent

rise of lithium prices there has been new activity in the area. New entrants funding exploration in the area include Mineral Resources (ASX:MIN) which is the world's fifth largest spodumene concentrate producer.



Above: Mayville and Donner Lake Property area.

Exploration Results

During the Quarter a total of 13,009 metres in 38 holes were completed on the Donner Lake lithium property. These bring the total exploration and resource drilling totals for the Main and Northwest dykes to 20,475 metres in 83 holes. The combined 2022 and 2023 Main and Northwest dyke drilling results are currently being utilized by SGS Canada Inc. to produce a maiden 43-101 lithium resource estimate for the property. A plan view map of drilling at the Northwest Dyke and a cross section through the middle of the dyke follows:

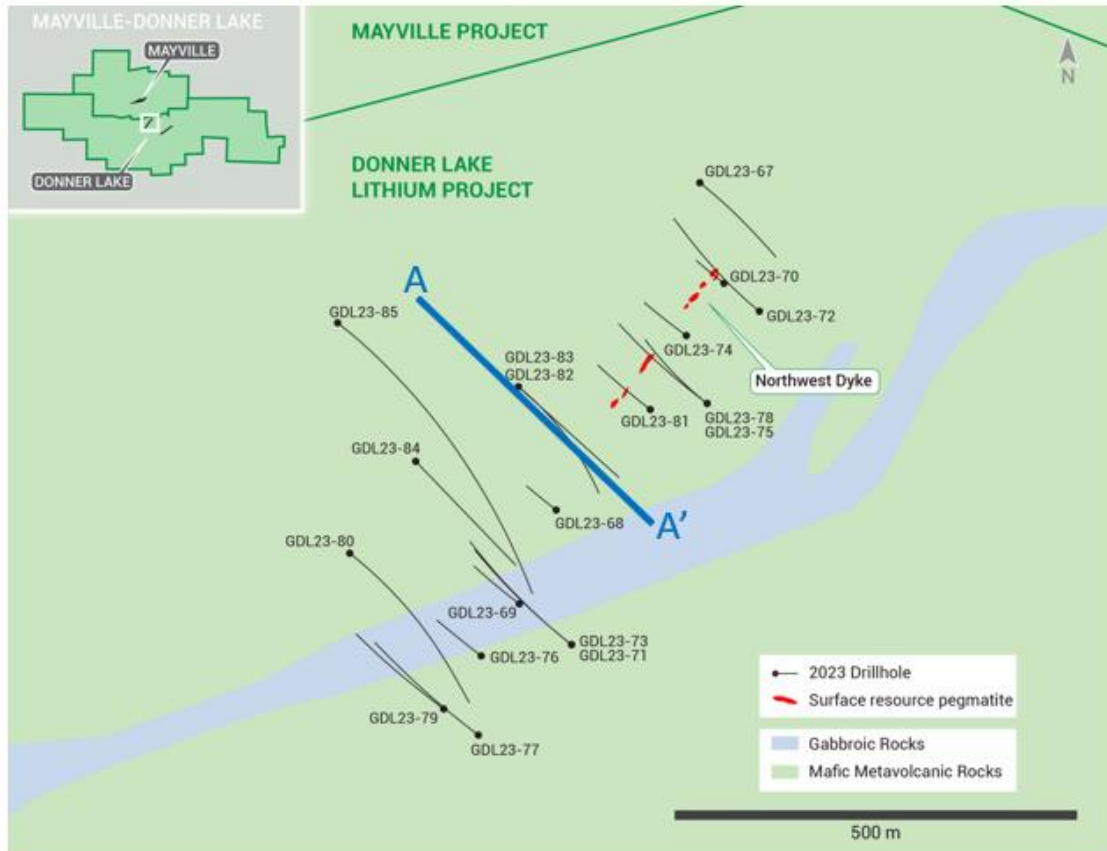


Figure 2: Northwest Dyke Cross Section (A – A') Apparent width of interval shown.

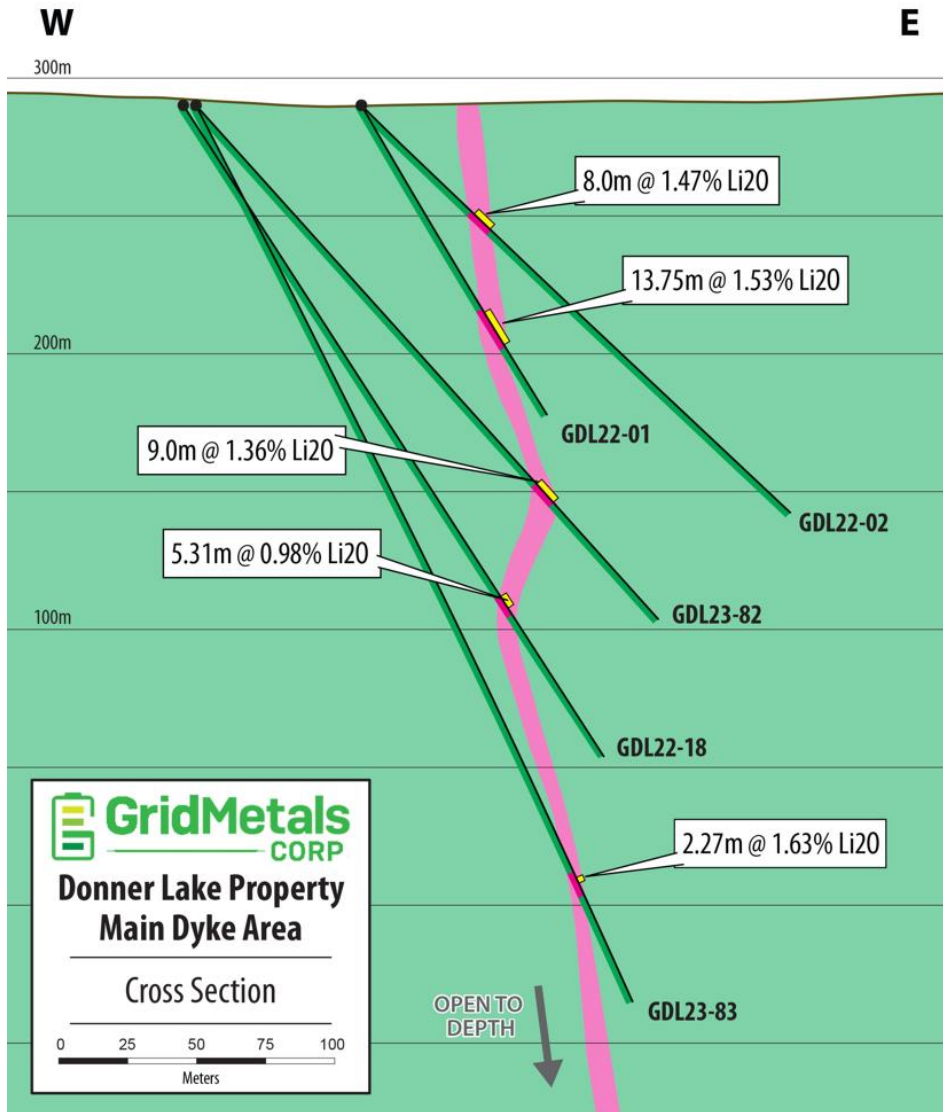


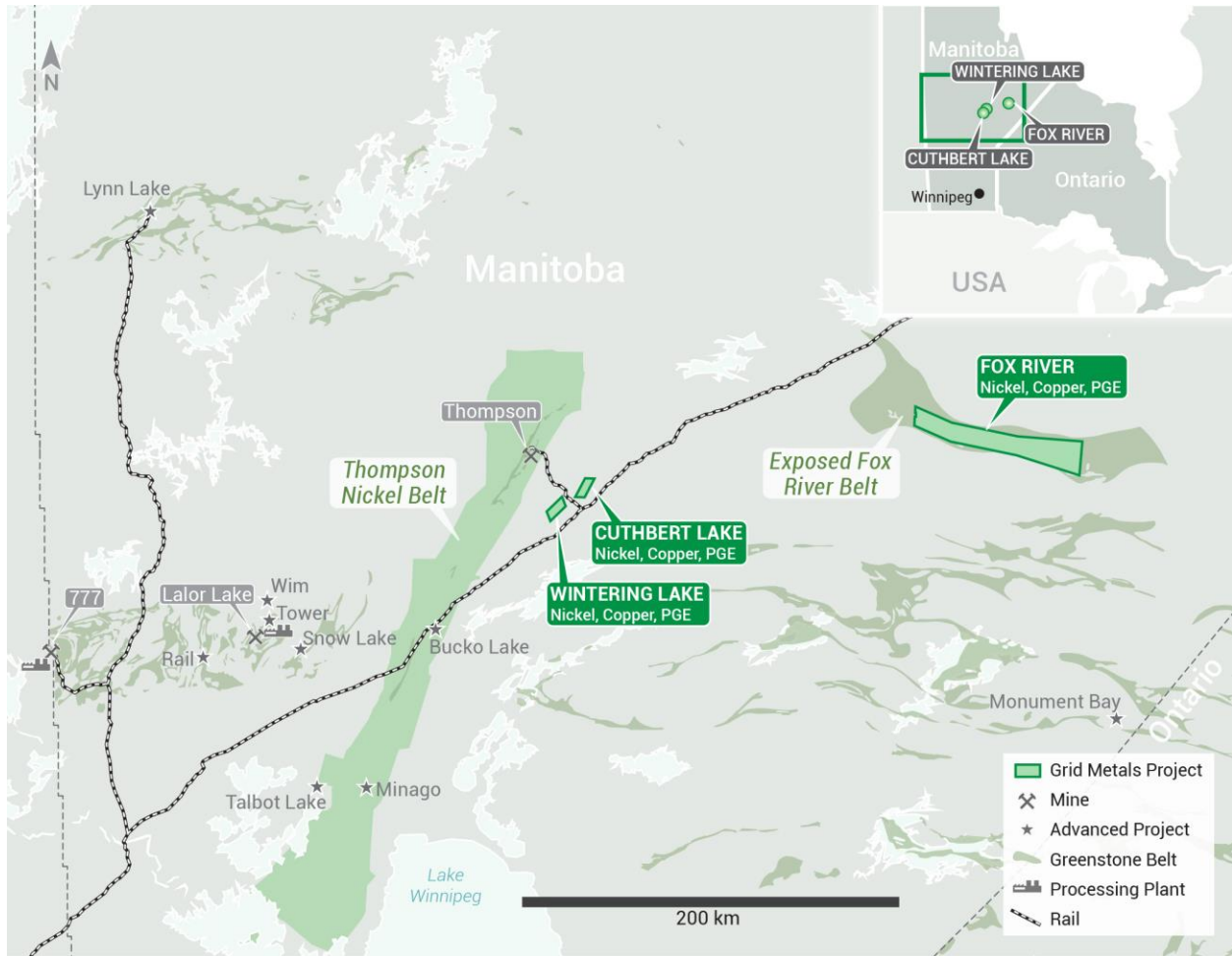
Figure 2: Northwest Dyke Cross Section (A – A') Apparent width of interval shown.

Northern Manitoba Mineral Exploration Licenses

In September 2021, the Company acquired the mineral rights for five Mineral Exploration Licenses (MELs) located in northern Manitoba. Three of the licenses cover a large section of the Proterozoic Fox River Belt, situated on the Superior Boundary Zone – host to a majority of Canada’s major nickel sulfide mining camps at Thompson Manitoba, Sudbury Ontario, and the Raglan Camp of northern Quebec. The other two licenses cover prospective mafic-ultramafic intrusions and known Ni-Cu-PGE surface showings in the Pikwitonei Granulite Domain directly east of the Thompson Nickel Belt and the mining city of Thompson. A tabulation of the MEL numbers and their size and annual holding costs are given in the table below.

Type of License	Regular MEL – Zone A	Special MEL – Zone B
Deposit (with application)	\$0.50/hectare	\$0.50/hectare
Zone	Zone A	Zone B
Annual Assessment Requirement	\$1.25/hectare in Year 1 increasing to \$7.50 per hectare in Year 3	\$0.50/hectare in Year 1 increasing to \$4.00 per hectare in Year 5
Initial Ownership Term	3 years	5 years
Renewal Term	3 years	5 years
Grid Property & MEL#	Thompson East: 1134A (Cuthbert Lake), 1135A (Wintering Lake)	Fox River Belt: 1153B, 1132B, 1133B
Area of Grid MELs	10,500 hectares	102,600 hectares
Year 1 2021/22 Cost	\$13,250	\$51,269
Year 1 Anniversary	Sept. 8, 2022	Sept. 8, 2022
Year 1 Expiry Date	Dec. 7, 2022	Dec. 7, 2022
Year 2 2022/23 Cost	\$53,000	\$102,537

Although the Company remains committed to maintaining a focus on southeastern Manitoba assets, the acquisition of the Fox River MELs represented a very rare opportunity to gain a large land position in both an established (Thompson Belt) and highly prospective frontier belt (Fox River) at a time of increasing investor interest in nickel sulfide projects located in Tier 1 jurisdictions. The Company will be exploring different options at its disposal to fund and manage future exploration of these MELs including, but not limited to, partnering with an established nickel sulfide mining company and vending a NSR royalty.



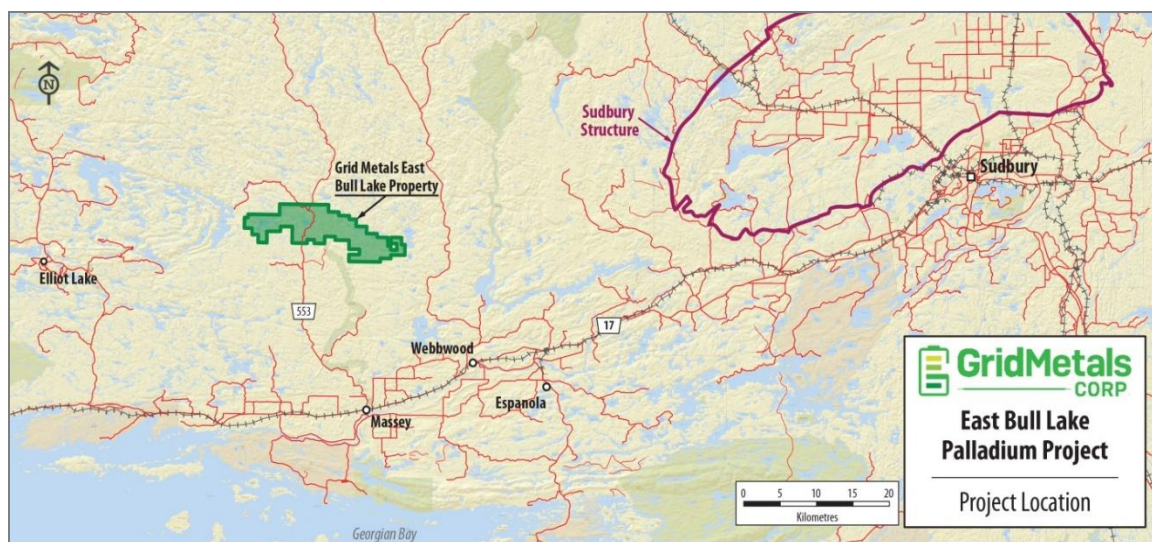
Above: Location of Grid’s northern Manitoba Mineral Exploration Licenses acquired in September, 2021.

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East Bull Lake Palladium Property

The East Bull Lake (“EBL”) Palladium Property consists of unpatented mining claims which cover ~80% of the ~22km x ~4 km layered intrusion that hosts widespread, palladium-dominant disseminated sulfide mineralization. Grid focused the exploration at EBL for palladium in the area of the south margin looking for mineralization occurring in embayments or feeder structures in the intrusion. The property consists of unpatented mining claims held 100% by the Company and an option for mineral rights on the “Shib Property” covering eight mining claims at the east end of the intrusion. There are remaining option payments due on the Shib Property.

The East Bull Lake property is subject to underlying royalties held by the original optionors of the property of up to 3%.



Above: location of East Bull Lake Palladium Property

The Company completed 31 drill holes totalling 8,021 metres during 2020 and 2021 at East Bull targeting palladium-rich disseminated sulfide mineralization. There were many localized occurrences of significant palladium values and several narrow intercepts of high grade massive sulfides in the footwall. No zone of economic significance at long term forecast palladium prices was identified in the drilling programs. No further work at East Bull is planned at this time but geochemical interpretations completed subsequent to the recent drilling programs highlight the potential for Sudbury-type, structurally-controlled massive nickel-copper sulfide mineralization below the palladium-rich mineralization.

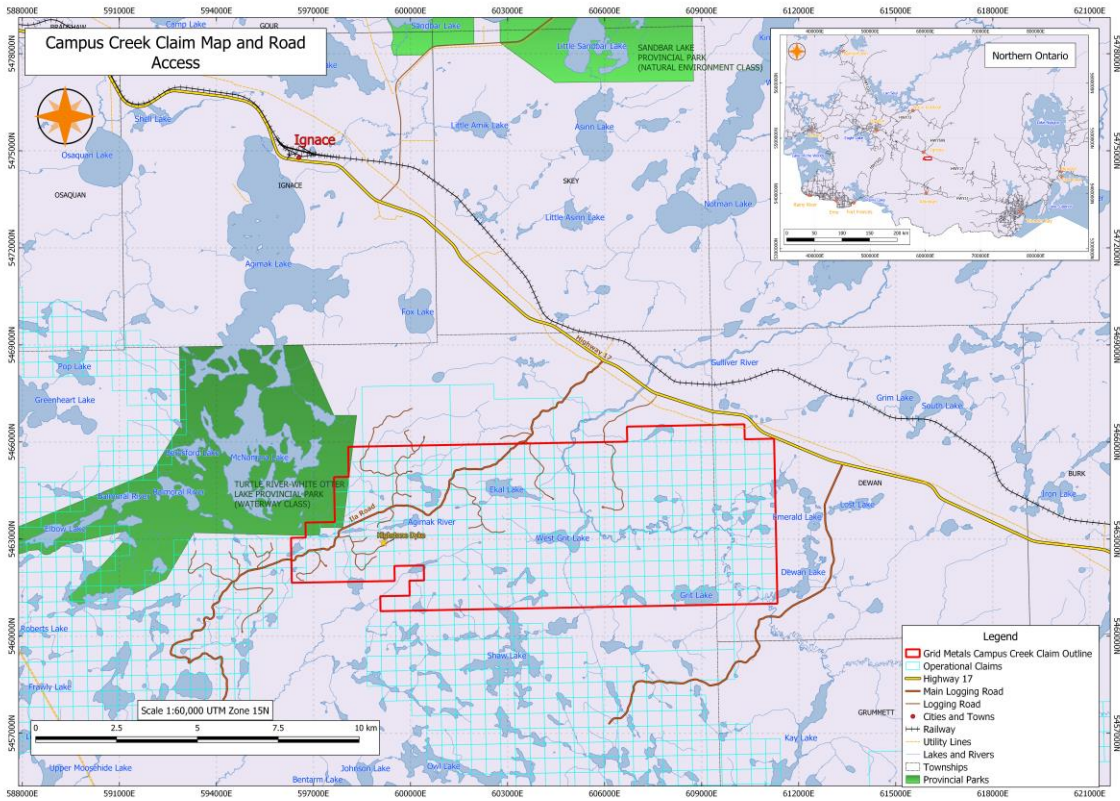
Campus Creek Lithium Property

Overview of Property and Mineral Title

The Company owns a 100% interest in the early stage Campus Creek lithium exploration project located near the town of Ignace in northwestern Ontario. The property is a 75%:25% Joint arrangement with Lithium Royalty Corp. with Grid holding the majority interest. The property consists of 327 mineral claims covering an area of ~7,000 hectares. The Campus Creek property is located adjacent to International Lithium's Raleigh Lake property at which a maiden Measured and Indicated resource of 2.293 million tonnes of 0.64% LiO₂ has been estimated (see International Lithium Corp. news release dated April 13, 2023).

Exploration

No exploration activity was undertaken at Campus Creek during the first quarter of 2023. Previous work at Campus Creek was completed in 2021 by the Company when an initial phase of prospecting and mapping at the property was undertaken. An outcropping, spodumene-bearing pegmatite body (the 'Highstone' pegmatite) located at the western end of the claims was identified.



Above: Location map of the Campus Creek lithium property.

3. SELECTED ANNUAL INFORMATION

Selected audited annual information for the three most recently completed fiscal years, all reported under IFRS, are as follows:

Years ended December 31,	2022	2021	Restated 2020
	\$	\$	\$
Net income (loss) before provision for income taxes	275,756	(3,852,670)	(3,202,263)
Net income (loss) after provision for income taxes	275,756	(3,852,670)	(3,202,263)
Basic and diluted loss per share	(0.00)	(0.04)	(0.05)
Total assets	12,901,272	3,001,530	3,170,526

4. DISCUSSION OF OPERATIONS

Overview

The following table provides selected financial information that should be read in conjunction with the interim unaudited condensed consolidated financial statements of the Company for the periods ended March 31, 2023 and 2022.

	For the three months ended March 31,	
	2023	2022
Exploration and evaluation expenses	\$ 3,749,562	\$ 2,997,298
Net operating expenses	(3,747,229)	(3,916,417)
Other income (loss) and realized gains on transactions	(185,383)	4,677,750
Net income (loss)	(3,932,612)	768,333
Net loss per share	(0.02)	0.01
Total assets	\$ 9,175,855	\$ 6,567,500

Revenues

None of the Company's properties have advanced to the point where a production decision can be made. As a consequence, the Company has no producing properties and no sales or revenues. From time to time the Company will earn interest from funds on deposit and other income from sale of property interests, such as the LRC Financing.

Other Income

The major items of other income for the three months ended March 31, 2023 and 2022 are summarized as follows:

	For the three months ended March 31,	
	2023	2022
Gain on disposition of exploration and evaluation properties	\$ 133,750	\$ 4,677,750
Unrealized gain on marketable securities	(57,662)	-
Realized loss on marketable securities	(347,021)	-
Other income (expense)	85,550	7,000
	\$ (185,383)	\$ 4,684,750

The major expense items for the three months ended March 31, 2023 and 2022 are summarized as follows:

	For the three months ended March 31,	
	2023	2022
Exploration and evaluation expenses	\$ 3,749,562	\$ 2,997,298
Office, general and administrative	253,406	148,050
Professional and consulting fees	155,699	88,330
Management fees and directors fees	273,250	66,250
Public company costs	61,794	61,056
Share-based payments	10,425	550,969
Amortization	7,093	4,464
Flow-through share premium recovery	(764,000)	-
	\$ 3,747,229	\$ 3,916,417

Exploration and Development Expenditures

For the three months ended March 31, 2023										
	Makwa	Mayville	East Bull Lake	Donner Lake Lithium	Campus Creek	Fox River West	Bannock-burn	Other	Total	
Acquisition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 357,030	\$ 357,030	
Assays	-	30,304	-	150,668	-	-	-	-	180,972	
Consulting	21,165	30,040	-	122,325	1,204	5,256	-	29,436	209,426	
Drilling	-	288,824	-	2,311,604	-	-	-	-	2,600,428	
Geological	21,492	40,713	-	3,230	-	-	-	5,724	71,159	
Geophysics	675	28,677	-	135,295	-	-	-	22,875	187,522	
Labour	952	10,605	-	88,275	-	-	-	-	99,832	
Other	31,602	19,247	9,600	145,090	-	967	-	115,947	322,453	
Total	\$ 75,886	\$ 448,410	\$ 9,600	\$ 2,956,487	\$ 1,204	\$ 6,223	\$ 0	\$ 531,012	\$ 4,028,822	
Reimbursement from JO partner	-	-	-	(278,626)	(634)	-	-	-	(279,260)	
Total	\$ 75,886	\$ 448,410	\$ 9,600	\$ 2,677,861	\$ 570	\$ 6,223	\$ 0	\$ 531,012	\$ 3,749,562	

For the three months ended March 31, 2022										
	Makwa	Mayville	East Bull Lake	Donner Lake Lithium	Campus Creek	Fox River West	Bannock-burn	Other	Total	
Acquisition	\$ 20,000	\$ -	\$ (7,500)	\$ -	\$ 286,380	\$ 5,902	\$ -	\$ 15,000	\$ 319,782	
Assays	2,804	-	-	-	4,370	-	-	-	7,174	
Consulting	19,289	20,040	-	3,721	-	5,010	-	-	48,060	
Drilling	2,219,604	-	-	-	-	-	-	-	2,219,604	
Geological	258,445	50,284	24,180	20,452	-	17,560	37,193	(11,970)	396,144	
Geophysics	-	-	5,070	-	1,464	-	-	-	6,534	
Total	\$ 2,520,142	\$ 70,324	\$ 21,750	\$ 24,173	\$ 292,214	\$ 28,472	\$ 37,193	\$ 3,030	\$ 2,997,298	

5. SUMMARY OF QUARTERLY RESULTS

Selected financial information for the last 8 fiscal quarters:

	2023 Q1	2022 Q4	2022 Q3	2022 Q2
	\$	\$	\$	\$
Net income (loss)	(3,932,612)	(3,932,612)	(1,349,993)	1,168,003
Basic and diluted loss per share	(0.02)	(0.02)	(0.01)	0.01
	2022 Q1	2021 Q4	2021 Q3	2021 Q2
	\$	\$	\$	\$
Net loss	768,333	(872,045)	(697,756)	(1,576,070)
Basic and diluted loss per share	0.01	(0.01)	(0.01)	(0.02)

Comments on quarterly results

2023 – Q1

Results for the quarter were a net loss of \$3,932,612 vs net income of \$768,333 for the 2022 period. The 2023 period included exploration and evaluation expense of \$3,749,562 (2022 - \$2,997,298), share-based compensation of \$10,425 (2022 – \$550,969), and a gain of \$133,750 from the assignment of certain claims to Usha Resources Ltd compared to a gain of \$4,677,750 during the period realized on the LRC Financing.

2022 – Q4

Results for the quarter were a net loss of \$310,586 vs a loss of \$872,045 for the 2021 period. The decreased loss in the 2022 period was mainly due to increased exploration and evaluation expense of \$2,028,659 (2021 - \$349,667) and the realized loss on the disposition of Canada Nickel shares of \$260,256 (2021 - \$nil) offset by flow-through share

premium recovery of \$1,203,090 (2021 - \$nil) and the unrealized gain on marketable securities of \$1,153,912 (2021 - \$nil) due to the appreciation of Canada Nickel shares during the quarter.

2022 – Q3

Results for the quarter were a net loss of \$1,349,993 vs a loss of \$697,756 for the 2021 period. The increased loss in the 2022 period was mainly due to increased exploration and evaluation expense of \$931,372 (2021 - \$300,482) and increased professional and consulting fees of \$194,055 (2021 - \$79,883).

2022 – Q2

Results for the quarter were net income of \$1,168,00 vs a loss of \$1,576,070 for the 2021 period. The 2022 period included exploration and evaluation expense of \$1,382,550 (2021 - \$828,819), share-based compensation of \$3,957 (2021 – \$388,550), other expenses of \$1,049,848 due to the decline of Canada Nickel shares received by the Company pursuant to the sale of its Bannockburn property (2021 - \$nil) and a gain of \$4,020,000 (2021 - nil) representing proceeds of sale realized by the Company on its sale of the Bannockburn property.

6. LIQUIDITY

The Company has no significant revenues and no expectation of significant revenues in the near term, with the exception of the Transaction described herein. The cash position of the Company is reduced as exploration and overhead expenses are incurred.

The Company has working capital at March 31, 2023 of \$7,840,581 (December 31, 2022 – \$11,486,257).

7. CAPITAL RESOURCES

During the three months ended March 31, 2023, there were no unusual factors that affected the Company's capital resources.

8. OFF-BALANCE SHEET ARRANGEMENTS

At March 31, 2023 and 2022, the Company did not have any off-balance sheet arrangements.

9. TRANSACTIONS BETWEEN RELATED PARTIES

Director's fees, professional fees and other compensation of directors and key management personnel were as follows:

Three months ended March 31,	2023	2022
	\$	\$
Short-term compensation and benefits	400,152	192,383
Share-based payments (stock option, RSU and DSU grants)	-	444,654
Total key management compensation	400,152	637,037

Short-term compensation and benefits charged to exploration and evaluation expenditures during the three months ended March 31, 2023 amounted to \$43,420 (2022 – \$60,120).

Amounts due to key management personnel included in accounts payable amounted to \$25,430 (2022 – \$23,584).

Legal fees were charged by a legal firm during the period ended December 31, 2022, of which an officer of the Company is an employee, for legal and corporate secretarial services in the amount of \$26,782 (2022 - \$25,832).

Accounts payable and accrued liabilities include \$nil owing to the legal firm (2022 – \$nil).

Amounts due to related parties included in accounts payable are unsecured, non-interest bearing and due on demand. See also Notes 8(b) and 10 of the Company's interim unaudited condensed consolidated financial statements for the three months ended March 31, 2023 and 2022.

10. PROPOSED TRANSACTIONS

There are no proposed transactions contemplated as of the date hereof.

11. CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Estimates and judgments 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. Actual outcomes can differ from these estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Income taxes and recoverability of potential deferred tax assets

The Company is subject to income, value added, withholding and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting year.

Share-based payments

Management determines the valuation of share-based payments and warrants using market-based valuation techniques. The fair value of the market-based and performance-based share awards and warrants are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments may include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Mineral reserve estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including

economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

Commitments and contingencies

Refer to Notes 9 and 10 of the Company's interim unaudited condensed consolidated financial statements for the three months ended March 31, 2023 and 2022.

12. FINANCIAL ASSETS, AND OTHER INSTRUMENTS

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either Fair Value through Profit or Loss ("FVPL") or Fair Value through Other Comprehensive Income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of earnings (loss) when the right to receive payments is established.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of earnings (loss). The Company's marketable securities are classified as financial assets at FVPL.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are other accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable has been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases, and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities and lease obligations, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of operations.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations.

Credit Risk

The Company's credit risk is primarily attributable to accounts receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to the financial instrument included in amounts receivable is remote.

Liquidity Risk

The Company's main source of liquidity is derived from its common stock issuances and exploration property transactions. As at March 31, 2023, the Company had current assets of \$9,099,925 (December 31, 2022 - \$12,818,249) to settle current liabilities of \$1,259,344 (December 31, 2022 - \$1,331,992). All the Company's financial liabilities have contractual maturities that are subject to normal trade terms. Current liabilities include un-renounced flow through share premium, which will be a non-cash item on settlement, of \$nil (2021 - \$764,000). All of the Company's financial liabilities have contractual maturities that are subject to normal trade terms.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company monitors its cash balances and is satisfied with the creditworthiness of its banks. As a result, the Company's exposure to interest rate risk is minimal.

Market Risk

Foreign Currency Risk

The Company's functional and reporting currency is the Canadian dollar, and all expenditures are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. As the Company's properties are in the exploration stage and to date do not contain any identified mineral resources or reserves, the Company does not hedge against commodity price risk.

Sensitivity Analysis

Management's view with respect to interest rate and foreign exchange risks is as follows:

- (i) The Company receives low interest rates on its cash and cash equivalent balances and, as such, the Company does not have significant interest rate risk.
- (ii) The Company does not have exposure to foreign exchange risk.

Land access and permitting

The Company is required to obtain permits to conduct exploration and evaluation activities on its properties and part of that process requires consultations with First Nations. In management's view there is uncertainty concerning the

First Nation's consultation process, and there are risks of permitting delays. The impact of any delays on the Company's operations is unknown.

Operating Risk

All assets of the Company are either at the exploration or development stage. The Company faces a number of risks to the successful exploration and/or development of its properties. These include the availability of capital, technical risk, permitting risk and environmental risk. There is no certainty the Company will be able to fund or complete the required work in order to build a mine or profitably divest any of its assets. The Company is required to engage with First Nations in order to obtain exploration permits and there is ongoing uncertainty with respect to the permitting process.

13. DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital

Common Shares

As at March 31, 2023 there were 166,522,856 common shares of the Company outstanding (December 31, 2022 – 165,162,706). As at the date hereof there are 168,272,856 common shares of the Company outstanding.

Warrants

At March 31, 2023 and the date hereof, there were a total of 20,807,242 warrants outstanding (December 31, 2022 – 26,603,300).

Options

At March 31, 2023 there were a total of 5,670,000 stock options outstanding (December 31, 2022 – 5,930,000). As at the date hereof there are 11,220,000 options of the Company outstanding.

Deferred Share Units

At March 31, 2023 there were a total of 2,150,000 deferred share units outstanding (December 31, 2022 – 2,150,000). As at the date hereof there are 3,650,000 deferred share units of the Company outstanding.

Restricted Share Units

At March 31, 2023, and at the date hereof, there were a total of 100,000 restricted share units outstanding (December 31, 2022 – 100,000).

Subsequent Events

On April 13, 2023, the Company announced that it has entered into agreements to acquire additional properties in southeast Manitoba prospective for nickel, copper, platinum group metals and cobalt. The Ore Fault, Page, and Chrome claims (the "Gossan Claims") were acquired from Gossan Resources Limited ("Gossan") for \$1.1 million in cash payable over three years (\$500,000 payable in year 1) and 1,500,000 common shares in the capital of the Company ("Common Shares"). The Company granted Gossan a 2% net smelter return ("NSR") royalty payable upon the commencement of commercial production from the property and a \$300,000 cash payment is due to Gossan upon the commencement of commercial production from the Gossan Claims. The Company also acquired a 100% interest in the Eagle Claims from First Mining Gold Corp. ("First Mining") for consideration of \$300,000 cash on closing and 250,000 Common Shares. The Company has granted First Mining a 2% NSR royalty payable upon the commencement of commercial production from the Eagle Claims, half of which can be bought back by the Company by paying \$1 million cash to First Mining. In addition, a deferred cash payment is due to First Mining if the Company defines a greater than 2 million tonne NI 43-101 compliant mineral resource on the Eagle Claims.

On May 2, 2023, the Company announced the hiring of Brandon Smith CFA MFE as Chief Development Officer.

Grant of Incentive Awards - On May 2, 2023, the Board of Directors Company approved the issuance of 5,550,000 stock options at an exercise price of \$0.20 per share and 1,500,000 Restricted Share Units under the Company's Equity Incentive Plan. The issuance is to eligible directors, management, employees, and consultants. 2,600,000 of the stock options granted to management of the Company vest over a period of 12 months as follows: 33 1/3% on

issuance, 33 1/3% six (6) months from date of issuance, and 33 1/3% twelve (12) months from date of issuance. All of the stock options have a term of five years from the date of grant. The Restricted Share Unit grants have a minimum escrow period of one year and are subject to performance criteria in order to vest.

Directors and officers of the Company

Robin E. Dunbar	President, Chief Executive Officer, and Director
Dave Peck	Vice President
Brandon Smith	Chief Development Officer
Nadim Wakeam	Corporate Secretary
Doug Harris	Chief Financial Officer
Thomas Meredith	Director
Edward Munden	Director
Patrick Murphy	Director

Dave Peck, P. Geo, is the Qualified Person for Grid Metals Corp. for the purposes of National Instrument 43-101 and has reviewed the technical content of this document.

Additional Information

Additional information about the Company including the financial statements, press releases and other filings are available on the internet at www.sedar.com and additional supplemental information is available on the Company website at www.gridmetalscorp.com