

# **Clean Air Metals Inc.**

## **Nine Month Period Ended October 31, 2021**

### **Management's Discussion and Analysis ("MD&A")**

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#### **Effective date**

The following discussion is management's assessment and analysis of the results of operations and financial conditions of Clean Air Metals Inc. (the "Company") and should be read in conjunction with the accompanying consolidated financial statements and related notes thereto for the nine-month period ended October 31, 2021, and the accompanying consolidated financial statements and related notes thereto for the years ended January 31, 2021 and 2020. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is December 23, 2021.

#### **Overview**

##### **Description of the Business**

Clean Air Metals Inc. (the "Company") is a publicly traded company incorporated under the laws of the Province of British Columbia and continued under the Canada Business Corporations Act. The Company's shares are listed on the TSX Venture Exchange ("TSXV") under the symbol 'AIR'. The corporate office of the Company is 1004 Alloy Drive, Thunder Bay, ON P7B 6A5. The Company is engaged in the identification, acquisition, exploration and, if warranted, development of exploration and evaluation assets.

On January 6, 2020, and as amended on January 27, 2020 the Company entered into a definitive option agreement with Benton Resources Inc. (the "Benton Transaction") whereby the Company has acquired an option to acquire a 100% right, title and interest in the Escape Lake property, subject to a 1% net smelter return royalty to be retained by Rio Tinto Exploration Canada Inc. ("RTEC"), from Benton with such option to be conditional on Benton exercising its pre-existing option to acquire the Escape Lake property from RTEC. In addition, Benton also assigned to the Company its rights under a letter of intent previously entered into with Panoramic Resources Inc. ("PAN") pursuant to which Benton acquired the right to acquire 100 per cent of PAN's subsidiary, Panoramic PGM (Canada) Ltd., which owns the Thunder Bay North project (the "TBN Project"). On May 14, 2020, both transactions were completed.

On February 11, 2020 the Company completed a private placement, raising aggregate gross proceeds of \$15,000,000 through the issuance of 75,000,000 subscription receipts at a price of \$0.20. Upon satisfaction of all escrow release conditions, the subscription receipts were converted into units of the Company on May 13, 2020, consisting of one common share and one-half common share purchase warrant exercisable at \$0.30 for a period of 24 months.

On June 16, 2020, the Company completed a private placement, raising aggregate gross proceeds of \$6,700,000 through the issuance of 13,400,000 flow-through shares at a price of \$0.50. On February 23, 2021, the Company completed a private placement, raising aggregate gross proceeds of \$11 million through the issuance of 11,904,800 flow-through shares at a price of \$0.42 and 12,745,100 flow-through units at a price of \$0.51. The proceeds of the flow-through financings will be used for Canadian eligible expenditures incurred on exploration activities on the Company's Thunder Bay North and Escape Lake projects.

The Company was previously inactive for more than one year and was trading on the NEX board of the TSX Venture Exchange, when it ceased its involvement in the life sciences and pharmaceutical sector. The Benton Transaction has resulted in the reactivation of the Company under the TSX-V policies with a concurrent change of business of the Company to the mining sector. The common shares of Clean Air Metals were halted in connection with this announcement with trading re-commencing on the TSX Venture Exchange effective May 22, 2020 under the new symbol "AIR".

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**Selected Annual Information**

	<b>January 31, 2021</b>	January 31, 2020	January 31, 2019
	\$	\$	\$
Total revenues	-	-	-
Loss for the year	<b>1,273,525</b>	1,135,819	223,116
Basic and diluted loss per share	<b>(0.01)</b>	(0.05)	(0.02)
Total assets	<b>27,146,884</b>	1,961,497	721,063
Total long-term financial liabilities	-	-	-
Cash dividends declared per share	-	-	-

**Results of Operations**

***Three Month Period Ended October 31, 2021***

The Company incurred a loss from operations for the three month period ended October 31, 2021 (the "Current Quarter") of \$1,056,915 as compared to a loss of \$620,791 for the three month period ended October 31, 2020 (the "Prior Quarter"). The increase in loss of \$436,124 is primarily due to the following:

- Accretion interest increased from \$57,674 during the Prior Quarter to \$196,885 during the Current Quarter, which is attributed to the PAN acquisition agreement and related Magma note payable.
- Professional fees increased from \$4,675 during the Prior Quarter to \$195,999 during the Current Quarter primarily because the majority of legal fees incurred in the Prior Quarter were related to share issuances and acquisitions and recognized on the balance sheet.
- Wages and benefits increased from \$288,924 during the Prior Period to \$430,929 during the Current Period as the Company had retained additional employees during the Current Period as compared to the Prior Period.

The Company incurred a loss and comprehensive loss for the Current Quarter of \$43,617 as compared to \$608,334 for the Prior Quarter. The decrease in loss of \$564,717 is primarily due to the recognition of a flow-through share premium a result of the private placements of flow-through shares and units during the Current Quarter. The Company recognized a flow-through share premium in the amount of \$1,002,710 for the Current Quarter, whereas during the Prior Quarter, a premium of \$Nil was recognized.

***Nine Month Period Ended October 31, 2021***

The Company incurred a loss from operations for the nine month period ended October 31, 2021 (the "Current Period") of \$3,045,788 as compared to a loss of \$3,144,889 for the nine month period ended October 31, 2020 (the "Prior Period"). The decrease in loss of \$99,101 is primarily due to the following:

- Wages and benefits increased from \$742,157 during the Prior Period to \$1,114,626 during the Current Period as the Company had retained additional employees during the Current Period as compared to the Prior Period.
- Share-based compensation decreased from \$1,340,496 during the Prior Quarter to \$688,718 during the Current Quarter due to the number of incentive stock options granted and vested during the periods.
- Transfer agent and filing fees decreased from \$130,275 during the Prior Period to \$42,505 during the Current Period due to the Company completing more corporate transactions and private placements during the Prior Period, in comparison to the Current Period.

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**Results of Operations** *(continued)*

- Accretion interest increased from \$106,571 during the Prior Quarter to \$261,454 during the Current Quarter, which is attributed to the PAN acquisition agreement and related Magma note payable.
- Professional fees increased from \$94,062 during the Prior Quarter to \$291,792 during the Current Quarter primarily because the majority of legal fees incurred in the Prior Quarter were related to share issuances and acquisitions and recognized on the balance sheet.

The Company incurred a loss and comprehensive loss for the Current Period of \$885,959 as compared to \$898,235 for the Prior Period. The decrease in loss of \$12,276 is primarily due to the recognition of a flow-through share premium a result of the private placements of flow-through shares and units during the respective periods. The Company recognized a flow-through share premium in the amount of \$2,120,371 for the Current Period, whereas during the Prior Period, a premium of \$2,211,000 was recognized.

***Exploration and Evaluation Properties***

**Thunder Bay North Property**

On January 6, 2020, and as amended January 27, 2020, the Company entered into a definitive option agreement with Benton Resources Inc. ("BEX") whereby the Company has acquired an option to acquire a 100% right, title and interest in the Escape Lake property (the "Escape Lake Property"), which forms a part of Thunder Bay North property, subject to a 1% net smelter return royalty to be retained by Rio Tinto Exploration Canada Inc. (RTEC), from BEX with such option to be conditional on BEX exercising its pre-existing option to acquire the Escape Lake Property from RTEC. In addition, BEX also assigned to the Company its rights under a letter of intent previously entered into with Panoramic Resources Inc. ("PAN") pursuant to which BEX acquired the right to acquire 100% of PAN's subsidiary, Panoramic PGM (Canada) Ltd., which owns the Thunder Bay North project (the "TBN Project").

The TBN Project is located approximately 50 kilometers northeast of Thunder Bay within the Thunder Bay mining division in northwest Ontario, Canada, in the northern part of the Proterozoic mid-continental rift region, an important emerging nickel-copper-platinum group metals province. The TBN Project consists of 219 unpatented mining claims (2,551 claim units of 16 hectares) covering approximately 40,816 hectares. The 220-hectare Escape Lake Property is located within the TBN project claim block and along the interpreted conduit system, which contains/controls the platinum-palladium-base metal mineralization on the TBN Project. RTEC staked the Escape Lake block in 2006 and performed successive rounds of limited diamond drilling between 2010 and 2012.

**Option Agreement**

Under the option agreement, in order to acquire a 100% right, title and interest in the Escape Lake Property from BEX (subject to BEX exercising its pre-existing option with RTEC) and BEX's rights to acquire a 100% right, title and interest in the TBN Project, the Company must complete the following:

- i) enter into a definitive share purchase agreement (the "PAN Agreement") with Magma Metals PTY LTD ("Magma"), a wholly-owned subsidiary of PAN, and make an initial \$250,000 payment. These requirements have both been completed on January 6, 2020;
- ii) issue to BEX an aggregate of 24,615,884 common shares (the "Consideration Shares") in the capital of the Company. The Consideration Shares were issued on May 14, 2020;

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**Results of Operations** *(continued)*

**Exploration and Evaluation Properties** *(continued)*

- iii) fulfill all the remaining payments to RTEC under the terms of an option agreement (the "RTEC Agreement") dated October 9, 2019, between RTEC and BEX required in order for BEX to exercise BEX's option to earn a 100% interest in the Escape Lake Property. These payments are set out under the RTEC Agreement paragraph below;
- iv) fulfill all the remaining payments under the terms of the PAN Agreement. These payments are set out under the PAN Agreement paragraph below; and
- v) grant to BEX a 0.5% net smelter return royalty from production on the Escape Lake Property and a 0.5% net smelter return royalty from production on any mineral claims comprising the TBN Project over which a net smelter royalty has not previously been granted.

The RTEC Agreement

Under the RTEC Agreement, BEX was granted an option to acquire 100% ownership interest in the Escape Lake Property, subject to a 1% net smelter return royalty to be retained by RTEC, in exchange for payment of \$6 million by BEX to RTEC over a three-year period, as follows:

- i) \$3 million due on signing, immediately following receipt of regulatory approval (this amount has been paid by BEX resulting in the issuance of the Consideration Shares to BEX);
- ii) \$1 million on or before October 9, 2020 (paid);
- iii) \$1 million on or before October 9, 2021 (paid); and
- iv) \$1 million on or before October 9, 2022.

The Company has assumed and is bound and shall perform the obligations of BEX under the RTEC Agreement.

The PAN Agreement

Under the PAN Agreement, the Company has the right to acquire a 100% ownership interest in the Panoramic PGMS (Canada) Ltd., the subsidiary of Magma that holds the TBN Project, in exchange for payment of \$9 million by the Company to PAN over a three-year period, as follows:

- i) \$4.5 million due on closing of the acquisition of the TBN Project. This amount was paid on May 14, 2020;
- ii) \$1.5 million on the first anniversary of the closing of the acquisition of the TBN Project (paid);
- iii) \$1.5 million on the second anniversary of the closing of the acquisition of the TBN Project; and
- iv) \$1.5 million on the third anniversary of the closing of the acquisition of the TBN Project.

The Company made the initial payment of \$250,000 to PAN by a third-party deposit which was credited to the purchase price, and extended the proposed closing of the acquisition and the initial payment of \$4.5 million, by 60 days. On May 14, 2020, the Company made the first payment of \$4.25 million to PAN, net of the initial payment of \$250,000 made by a third-party, with the balance due as a note owing to PAN (Note 8 to the financial statements). Pursuant to the terms of the PAN Agreement, the Company issued an additional \$115,000 to PAN on closing of the transaction for reimbursement of costs incurred from the date of the PAN Agreement to closing.

In addition, the Company had the ability to get up to three additional 30-day extensions by making a \$10,000 payment for each extension. Prior to closing, the Company made three extension payments totaling \$30,000 in exchange for a 90-day extension. The Consideration Shares issued by the Company to BEX shall not exceed 19.68% of the issued share capital of the Company and are subject to a four-month and one day "hold period" from the date of issuance. In May 2021, the Company made the first anniversary payment of \$1,500,000 under the PAN Agreement.

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**Summary of Quarterly Results**

	<b>October 31, 2021</b>	July 31, 2021	April 30, 2021	January 31, 2021	October 31, 2020	July 31, 2020	April 30, 2020	January 31, 2020
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenues	-	-	-	-	-	-	-	-
Net income (loss)	<b>(43,617)</b>	(794,601)	(47,741)	(375,290)	(608,334)	350,425	(640,326)	(131,461)
Net income (loss) per share - basic and diluted	<b>(0.00)</b>	(0.00)	(0.00)	(0.00)	(0.00)	0.00	(0.03)	(0.04)

The Company is an exploration stage company. At this time, any issues of seasonality or market fluctuations have no impact on the financial results of the Company.

**Liquidity**

The Company had working capital in the amount of \$1,909,343 as at October 31, 2021 (January 31, 2021 – \$5,662,340).

The Company had cash of \$4,597,966 as at October 31, 2021 (January 31, 2021 - \$6,678,356), however management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive or raise additional debt and/or equity capital. Management intends to continue to support the operations with financing initiatives primarily through, but not limited to, the issuance of equity.

Alternative financing options may include obtaining bank credit facilities and short-term loans from third parties. If the Company is unable to raise additional capital in the future, management expects that the

Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures.

Circumstances that may impact the Company's ability to obtain financing in the future include poor market conditions, increased interest rates and actual operations being different than expected by management. The Company mitigates these risks through a planning and budgeting process by which it anticipates and determines the funds required to support its normal operating requirements.

The Company's current cash and working capital position is sufficient to repay the Company's liabilities in the normal course of business as well as meet its contractual obligations for the next 12 months.

**Capital Resources**

The Company manages common shares, stock options, and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets, pursue its exploration activities, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

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**Capital Resources** *(continued)*

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash on deposit in an interest bearing Canadian chartered bank account, where possible. The Company limits the exposure to credit risk in its cash by only holding its cash with high-credit quality financial institutions in business and/or savings accounts.

There have been no changes to the Company's approach to capital management during the period ended October 31, 2021. The Company is not subject to externally imposed capital requirements.

On February 23, 2021, the Company closed a bought deal private placement for total proceeds of approximately \$11.5-million, consisting of: (i) 11,904,800 flow-through shares at a price of \$0.42 per flow-through share; and (ii) 12,745,100 flow-through units at a price of \$0.51 per flow-through unit, including the exercise of the underwriters' option.

Each flow-through unit consists of one common share of the Company and one-half of one common share purchase warrant that each qualifies as a flow-through share (within the meaning of Subsection 66(15) of the Income Tax Act (Canada)). Each warrant will entitle the holder thereof to acquire one common share of the company at a price of \$0.55 until February 23, 2023.

During the nine month period ended October 31, 2021, the Company issued an aggregate of 2,215,063 common shares through the exercise of incentive stock options and warrants with exercise prices between \$0.20 and \$0.395, for gross proceeds of \$663,000.

On February 11, 2020, the Company completed a private placement through the issuance of 75,000,000 subscription receipts at \$0.20, raising aggregate gross proceeds of \$15,000,000. Upon satisfaction of certain escrow conditions, the subscription receipts were converted into units of the Company on May 13, 2020. Each unit consists of one common share and one-half common share purchase warrant exercisable at \$0.30 until February 11, 2022.

On June 16, 2020, the Company closed a private placement through the issuance of 13,400,000 common shares of the Company that will qualify as flow-through shares (within the meaning of Subsection 66 (15) of the Income Tax Act (Canada)), at a price of \$0.50 per flow-through share, for aggregate gross proceeds of \$6,700,000.

The gross proceeds from the offering will be used by the Company to incur eligible Canadian exploration expenses that will qualify as flow-through mining expenditures as such terms are defined in the Income Tax Act (Canada) related to the Company's projects in Canada. All qualifying expenditures have been renounced in favour of the subscribers of the flow-through shares, effective December 31, 2020.

During the year ended January 31, 2021, an aggregate of 1,332,500 incentive stock options was exercised between \$0.12 and \$0.20 per share for gross proceeds of \$170,500, and 572,265 share purchase warrants were exercised at \$0.30 for gross proceeds of \$171,680.

There can be no assurance that additional financing will be available to the Company or, if it is, that it will be available on terms acceptable to the Company and will be sufficient to fund cash needs until the Company acquires an operating business or achieves positive cash flow. The Company currently has no commitments for any credit facilities such as revolving credit agreements or lines of credit that could provide additional working capital.

As at the date of this MD&A, other than as described herein and in the Financial Statements, the Company has no other arrangements for sources of financing.



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**Off-Balance Sheet Arrangements and Proposed Transactions**

Not applicable.

**Critical Accounting Estimates**

For critical accounting estimates, refer to the condensed consolidated interim financial statements for the nine month period ended October 31, 2021.

**Transactions with Related Parties**

The Company's related parties consist of companies with directors and officers in common and companies owned in whole or in part by executive officers and directors as follows:

<b>Name</b>	<b>Nature of transactions</b>
KMC Capital Corp	Consulting Fees as CFO and Corporate Secretary
Abraham Drost	Wages as President and CEO
James Gallagher	Wages as Executive Chairman
Dean Chambers	Wages for director fees
MaryAnn Crichton	Wages for director fees
Ewan Downie	Wages for director fees
Bill Radvak	Consulting Fees as Former President and CEO

Trade and other accounts payable as at October 31, 2021 includes \$Nil (January 31, 2021 - \$259) to directors, officers, or companies they control. The amounts are non-interest bearing, unsecured and due on demand. The remuneration of directors and other members of key management personnel during the nine month period ended October 31, 2021, and 2020, were as follows:

	<b>2021</b>	<b>2020</b>
Consulting fees, former CEO	\$ -	\$ 7,500
Consulting fees, CFO	<b>72,000</b>	72,000
Wages, CEO	<b>165,000</b>	137,800
Wages, Executive Chairman	<b>93,750</b>	68,083
Wages, Directors	<b>110,833</b>	88,333
Share-based compensation	<b>530,428</b>	245,278
Total	<b>\$ 900,011</b>	\$ 618,994

During the nine month period ended October 31, 2021, \$530,428 (2020 - \$245,278) was recognized in share based compensation related to the vesting of stock options granted to directors and officers. The increase in total related party remuneration during the current period as compared to the comparative period is primarily due to certain directors and officers being retained or employed for only a portion of the comparative period, whereas the current period reflects remuneration for the entire nine-month period.

**Financial Instruments and Related Risks**

Financial instruments are classified into one of the following categories: FVTPL; FVTOCI; or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

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**Financial Instruments and Related Risks** *(continued)*

Financial Instrument	Category	October 31, 2021	January 31, 2021
Cash	FVTPL	\$ 4,597,966	\$ 6,678,356
Trade and other payables	Amortized Cost	496,787	230,805
Lease liability	Amortized Cost	49,325	15,570
Note payable	Amortized Cost	3,261,409	3,676,977

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash is measured at fair value using level one as the basis for measurement in the fair value hierarchy.

### **Risk Management**

The Company's risk exposures and the impact on the Company's consolidated financial instruments are summarized as follows:

#### Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, receivables, and balances receivable from the government. The Company limits the exposure to credit risk in its cash by only holding its cash with high-credit quality financial institutions in business and/or savings accounts or other high-credit financial instruments.

#### Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next ninety days. The Company is exposed to liquidity risk.

#### Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.



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**Risk Management** (continued)

Market Risk (continued)

- (a) Interest Rate Risk: Management has determined that the Company is not exposed to any significant interest rate risks.
- (b) Foreign Currency Risk: The Company has identified its functional currency as the Canadian dollar. Transactions are transacted in Canadian dollars and in US dollars. The Company purchases US dollars as needed to support the cash needs of its foreign operation, however, the Company does not have a US dollar bank account. Management believes the foreign exchange risk related to currency conversions are minimal and therefore, does not hedge its foreign exchange risk.
- (c) Commodity Price Risk: Management has determined that the Company is not exposed to any significant commodity price risks. The Company does not have any hedging or other commodity based risks in respect to its operational activities.

**Disclosure of Outstanding Share Data**

The following details the share capital structure as of the date of this MD&A.

	Common Shares Issued and Outstanding	Compensation Options	Common Share Purchase Warrants	Stock Options	Share Unit Awards
Balance, October 31, 2021	167,268,994	6,259,470	44,110,285	9,082,437	1,089,474
Balance, Decemebr 23, 2021	167,268,994	6,259,470	44,110,285	9,082,437	1,089,474

During the nine month period ended October 31, 2021, the following share issuances occurred:

- a) On February 23, 2021, the Company closed a bought deal private placement for total proceeds of approximately \$11.5-million, consisting of: (i) 11,904,800 flow-through shares at a price of \$0.42 per flow-through share; and (ii) 12,745,100 flow-through units at a price of \$0.51 per flow-through unit, including the exercise of the underwriters' option.

Each flow-through unit consists of one common share of the Company and one-half of one common share purchase warrant that each qualifies as a flow-through share (within the meaning of Subsection 66(15) of the Income Tax Act (Canada)). Each warrant will entitle the holder thereof to acquire one common share of the company at a price of \$0.55 until February 23, 2023.

As consideration for the services provided by the underwriters in connection with the offering, the underwriters received: (a) a cash commission of \$660,000, which is equal to 6% of the gross proceeds of the offering (other than in respect of sales to those persons on the president list on which the cash commission was 3 per cent); and (b) an aggregate of 1,172,970 compensation options, which is equal to 5% of the number of securities sold under the offering (and reduced to 2.5% with respect to certain subscribers on the president list). Each compensation option is exercisable to acquire one common share of the Company, issued on a non-flow-through basis at a price of \$0.42 per compensation option share until February 23, 2023.

- b) The Company issued an aggregate of 2,215,063 common shares through the exercise of incentive stock options and warrants with exercise prices between \$0.20 and \$0.395, for gross proceeds of \$663,000.

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**Disclosure of Outstanding Share Data** *(continued)*

During the year ended January 31, 2021, the following share issuances occurred:

- a) On February 11, 2020, the Company completed a private placement through the issuance of 75,000,000 subscription receipts at \$0.20, raising gross proceeds of \$15,000,000. The subscription receipts were converted into units upon satisfaction of certain conditions, as outlined below. Each unit consists of one common share and one-half common share purchase warrant of the Company exercisable at \$0.30 per share for a period of 24 months.

The escrow release conditions are as follows:

- i) The receipt of all required corporate, shareholder and regulatory approvals in connection with the offering, the Benton Transaction and the TSX Venture Exchange (TSX-V) listing, including, but without limitation to, the conditional approval of the TSX-V for the listing of the unit shares and warrant shares and any relevant listing documents having been accepted for filing with the TSX-V;
- ii) The completion or the satisfaction of all conditions precedent to the transaction, substantially in accordance with the definitive agreements relating to the transaction (other than the payment of the cash purchase price due in connection with the acquisition of the Thunder Bay North project), to the satisfaction of the agents; and
- iii) the Company and the agents having delivered a joint notice to the escrow agent confirming that the conditions set forth above have been met or waived.

As consideration for the services provided by the agents in connection with the offering, the agents received an aggregate cash commission of \$1,034,500, incurred other costs of \$97,860 and issued an aggregate of 4,312,500 compensation options. The compensation options were issued with an exercise price of \$0.20 per unit, a term of 24 months and immediate vesting. Each compensation option will allow the holder to purchase one unit of the Company which consists of one common share and one-half common share purchase warrant exercisable at \$0.30 per share for a period of 24 months. On May 13, 2020, all escrow conditions were satisfied and the 75,000,000 subscription receipts were converted into units of the Company.

- b) Pursuant to the terms of the BEX option agreement, on May 14, 2020, the Company completed the transaction, issuing 24,615,884 common shares to BEX in exchange for a 100% interest in the Escape Lake property.
- c) On June 16, 2020, the Company closed a private placement through the issuance of 13,400,000 common shares of the Company that will qualify as flow-through, at a price of \$0.50 per flow-through share, for aggregate gross proceeds of \$6,700,000.

The gross proceeds from the offering will be used to incur eligible Canadian exploration expenses that will qualify as flow-through mining expenditures as such terms are defined in the Income Tax Act (Canada) related to the Company's projects in Canada. All qualifying expenditures were renounced in favour of the subscribers of the flow-through shares, effective December 31, 2020.

As consideration for the services provided by the agents in connection with the offering, the agents received a cash commission of \$387,000, incurred other costs of \$196,862 and issued 774,000 compensation options. Each compensation option is exercisable to acquire one common share of the Company, issued on a non-flow through basis at a price of \$0.50 per compensation option share, for a period of 24 months after the closing date.

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**Disclosure of Outstanding Share Data** *(continued)*

- d) During the year ended January 31, 2021, an aggregate of 1,332,500 stock options were exercised between \$0.12 at \$0.20 for gross proceeds of \$170,500
- e) During the year ended January 31, 2021, an aggregate of 572,265 warrants were exercised at \$0.30 for gross proceeds of \$171,680.

**New standards, interpretations and amendments issued but not yet adopted**

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2021, or later periods. The new standards are either not applicable or are not expected to have a significant impact on the Company's financial statements.

**Subsequent Events**

Subsequent to October 31, 2021, the Company accelerated the final payment of \$1 million to Rio Tinto Exploration Canada Inc., on behalf of Benton Resources Inc. for the Escape Lake option. The final payment of \$1-million, not due under the terms of the Escape Lake option agreement until Oct. 9, 2022, was accelerated at the company's option. Clean Air Metals has now fulfilled all of Benton's payment obligations under the Escape Lake option agreement, earning Benton a 100-per-cent right, title and interest in and to the Escape Lake property, subject to a 1.0-per-cent net smelter return royalty to be retained by RTEC and subject to Clean Air Metals' right to acquire 100 per cent of Benton's interest in and to the Escape Lake property pursuant to the terms of the option agreement.

Clean Air Metals will be entitled to exercise the option to acquire 100 per cent of Benton's interest in the Escape Lake property, subject to a 0.5-per-cent net smelter return royalty from production on the Escape Lake property to be retained by Benton, upon completion of the two remaining payments under the share purchase agreement between Clean Air Metals and Magma Metals Pty. Ltd. (\$1.5-million is due by May 13, 2022, and a further \$1.5-million is due by May 13, 2023, provided that both payments can be accelerated at the discretion of Clean Air Metals). Upon exercise of its option, Clean Air Metals will also assume the obligations of the payer in respect of the RTEC royalty.

**Forward Looking Statements**

This MD&A contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans to continue to be refined; possible variations in ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; and fluctuations in metal prices. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

**Clean Air Metals Inc.**  
**Nine Month Period Ended October 31, 2021**  
**Management's Discussion and Analysis ("MD&A")**

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**Management's Responsibility for the Financial Statements**

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of material fact or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings. The Board of Directors' approved the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities.

**Environmental, Social and Governance (ESG)**

The Company is an environmental, social governance ("ESG") leader in the junior mining exploration and development space. This starts from the ground up with staff field safety protocols and weekly safety meetings around personnel safety in and travelling to the workplace. The Company has had a comprehensive COVID avoidance policy in place since February 2020 and has zero incidence of infection among staff and service providers. The Corporation's staff have had no lost time accidents since the onset of field exploration operations in May 2020. The safety culture also extends to contractor and service provider personnel, encouraging a safety first, collegial environment. An EIS gap analysis with recommendations for further work, baseline water studies comparing current and historical water quality data and archaeological studies have been freely shared with the Participating First Nations, the Fort William First Nation, the Red Rock Indian Band and the Biinjitiwabik Zaaging Anishinaabek, pursuant to the Memorandum of Agreement. Field staff and management have all completed cultural sensitivity training and review of the PDAC e3 Plus exploration best practices guidelines.

From a social factor perspective, the Company has achieved peer leading progress with its First Nation Partners through the Memorandum of Agreement, establishing a project partnership going forward. The Memorandum of Agreement confirms a framework for a mutually beneficial relationship between the Cooperating Participants regarding the Thunder Bay North Project. The Memorandum of Agreement establishes a foundation for collaborative and respectful communications between the Cooperating Participants to facilitate the Company's consultation with the Cooperating Participants to identify (i) potential impacts of the Thunder Bay North Project on the Cooperating Participants interests and rights; (ii) the appropriate measures to mitigate and avoid any adverse effects; and (iii) opportunities to enhance positive impacts and benefits. The Corporation also announced the issuance of common share purchase warrants of the Corporation to the Cooperating Participants on January 29, 2021 under the Memorandum of Agreement.

The Board and senior management believe that extending common share purchase warrants of the Company as a key part of early engagement and accommodation is innovative, respectful and aligns the interests of the company with the interests of the Cooperating Participants on a fundamental, first principles basis.

The peer leading environmental and social factor performance are borne of a strong policy and a governance factor mandate that is driven by the Board. The Company has published various corporate governance policies to its website at <https://www.cleanairmetals.ca/corporate/corporate-governance/> including a Code of Business Conduct and Ethics, a Sustainability Policy, an Ethical Workplace and Reporting Policy and Procedure, and an Equity, Diversity and Inclusion Policy. Sound corporate governance practices are designed to promote the well-being and ongoing development of the Company, having as its ultimate objective the best long-term interests of the Company and the enhancement of value for shareholders and stakeholders. The Sustainability Committee of the Board has also derived a checklist under the care of senior management performance commitments, to assist Board members and management in managing policy compliance. The checklist seeks to capture major deliverables and those items that have a defined frequency (e.g. quarterly; annually) as a useful tool to ensure implementation of the Board policy and governance mandate in an active and ongoing way.

**Clean Air Metals Inc.**  
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**Other Information**

Additional information relating to the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).