

Clean Air Metals Inc.
Year Ended January 31, 2023
Management's Discussion and Analysis ("MD&A")

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 year ended January 31, 2023 and 2022.

Additional information relating to the Company is available on SEDAR at 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 May 30, 2023.

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, and during the year ended January 31, 2023, the Company satisfied all obligations under the Benton Transaction, earning a 100% right, title and interest in the Thunder Bay North project and the Escape Lake project, now collectively called the Thunder Bay North critical minerals project.

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 \$11.5 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.

On February 23, 2022 the Company completed a private placement, raising aggregate gross proceeds of approximately \$12.5 million through the issuance of 10,869,600 flow-through units at \$0.23; 12,280,800 flow-through units at \$0.285; and 32.25 million non-flow-through units at \$0.20.

Clean Air Metals Inc.
Year Ended January 31, 2023
Management's Discussion and Analysis ("MD&A")

The proceeds of the flow-through financings have been 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 resulted in the reactivation of the Company under the TSX-V polices with a concurrent change of business of the Company to the mining sector.

Selected Annual Information

| | January 31, 2023 | January 31, 2022 | January 31, 2021 |
|---------------------------------------|-----------------------------|---------------------|---------------------|
| | \$ | \$ | \$ |
| Total revenues | - | - | - |
| Loss for the year | 4,816,873 | 2,170,832 | 1,273,525 |
| Basic and diluted loss per share | (0.02) | (0.02) | (0.01) |
| Total assets | 42,290,356 | 35,059,465 | 27,146,884 |
| Total long-term financial liabilities | 2,802,330 | 1,077,046 | 1,999,748 |
| Cash dividends declared per share | - | - | - |

Results of Operations

Year Ended January 31, 2023

The Company incurred a loss and comprehensive loss for the year ended January 31, 2023 (the "Current Year") of \$4,816,873 as compared to a loss of \$2,170,832 for the year ended January 31, 2022 (the "Prior Year"). The increase in loss of \$2,646,041 is primarily due to the following:

- Accretion interest increased from \$368,003 during the Prior Year to \$766,033 during the Current Year, which is primarily attributed to the Company accelerating and issuing the final payment under the PAN acquisition agreement, which was originally due in May 2023, resulting in the recognition of additional accretion interest during the Current Year.
- Investor relations and marketing increased from \$644,720 during the Prior Year to \$958,148 during the Current Year due to the Company retaining additional marketing consultants during the Current Year.
- Share-based compensation increased from \$385,183 during the Prior Year to \$1,210,277 during the Current Year due to the issuance and vesting of incentive stock options and restricted share units that were granted.
- The Company recognized a flow-through share premium of \$1,331,629 during the Prior Year, compared to \$393,863 during the Current Year as a result of the flow-through securities issued in private placements that were completed in the given years.
- The Company recognized deferred income tax recovery of \$138,000 during the Current Year, compared to deferred income tax expense of \$138,000 during the Prior Year.

Three Month Period Ended January 31, 2023

The Company incurred a net loss and comprehensive loss for the three-month period ended January 31, 2023 (the "Current Quarter") of \$2,360,023 as compared to a loss of \$1,284,873 for the three-month period ended January 31, 2022 (the "Prior Quarter"). The increase in loss of \$1,075,150 is primarily due to the increase in accretion interest due to the acceleration of the final payment under the PAN Agreement and the increase in share-based compensation recognized in relation to the issuance and vesting of incentive stock options and restricted share units during the Current Year.

Clean Air Metals Inc.
Year Ended January 31, 2023
Management's Discussion and Analysis ("MD&A")

Results of Operations *(continued)*

Three Month Period Ended January 31, 2023 *(continued)*

During the Current Quarter, the Company completed the closing of the first tranche of a \$15 million mineral royalty financing agreement with Triple Flag Precious Metals Corp., receiving \$10 million in December 2022.

The royalty agreement features a 2.5-per-cent net smelter returns (NSR) mining royalty for all mineral product produced on the Thunder Bay North critical minerals (platinum, palladium, copper and nickel) project in Northern Ontario, Canada, temporarily excepting the Escape claims. The second tranche, consisting of \$5-million, is to be paid on or before 110 days from the effective date of the Triple Flag royalty agreement, and has been received subsequent to the year ended January 31, 2023.

The Company also accelerated and issued the final cash instalment payment of \$1.5 million to Panoramic Resources Inc. as the final vesting condition of the option agreement with Benton Resources, which was completed in December 2022. On payment, the Company has fully earned a 100-per-cent interest in the Thunder Bay North project and the Escape project, now collectively called the Thunder Bay North critical minerals project. (See Note 6 of the financial statements for further details).

As a requirement for the completion of the Benton Option Agreement for the TBN Project and the Triple Flag Net Smelter Royalty, the Company entered into a Consent Agreement with RTEC and Triple Flag dated December 16, 2022. Under the terms of the Consent Agreement, RTEC has the option to obligate the Company to purchase RTEC's 1% NSR royalty on the Escape Lake claims for \$2 million within 60 days from signing of the Consent Agreement, subject to certain conditions ("Put Option 1"). RTEC also has an alternative option to obligate the Company to purchase RTEC's 1% NSR Royalty on the Escape Lake claims for \$3.5 million at a future date, which is valid from June 30, 2024 until 60 days after the Company files a feasibility study which includes the Escape Lake claims ("Put Option 2"). Subsequent to the year ended January 31, 2023, RTEC did not exercise its option to sell its interest under Put Option 1. As a result of the potential obligation under Put Option 2, the Company recognized an NSR option liability for the potential \$3.5 million payment to RTEC on a discounted basis during the year ended January 31, 2023.

Year Ended January 31, 2022

The Company incurred a loss and comprehensive loss for the year ended January 31, 2022 ("FY-2022") of \$2,170,832 as compared to a loss of \$1,273,525 for the year ended January 31, 2021 ("FY-2021"). The increase in loss of \$897,307 is primarily due to the following:

- Accretion interest increased from \$164,244 during FY-2021 to \$368,003 during FY-2022, which is attributed to the PAN acquisition agreement and related Magma note payable. During FY-2022, accretion interest was recognized for a full fiscal year, whereas during FY-2021, accretion interest began after the acquisition closed in May 2020.
- Professional fees increased from \$183,562 during FY-2021 to \$385,578 during FY-2022 primarily because the majority of legal fees incurred in FY-2021 were related to share issuances and acquisitions and recognized on the balance sheet.
- Wages and benefits increased from \$1,045,559 during FY-2021 to \$1,329,066 during FY-2022 as the Company had retained additional employees during FY-2022 as compared to FY-2021.
- Share-based compensation decreased from \$1,081,268 during FY-2021 to \$385,183 during FY-2022 due to the timing of vesting of incentive stock options that were granted.
- The Company recognized a flow-through share premium of \$2,211,000 during FY-2021, compared to \$1,331,629 during FY-2022 as a result of the flow-through securities issued in private placements that were completed in the given years.

Clean Air Metals Inc.
Year Ended January 31, 2023
Management's Discussion and Analysis ("MD&A")

Results of Operations *(continued)*

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;
- 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, and all payments were issued as of January 31, 2022;
- iv) fulfill all the remaining payments under the terms of the PAN Agreement. These payments are set out under the PAN Agreement paragraph below, all of which have been completed as of January 31, 2023; 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, which has been completed as of January 31, 2023.

Clean Air Metals Inc.
Year Ended January 31, 2023
Management's Discussion and Analysis ("MD&A")

Results of Operations (continued)

Exploration and Evaluation Properties (continued)

Thunder Bay North Property (continued)

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 (paid).

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

During the year ended January 31, 2022, 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 October 9, 2022, was accelerated at the Company's option. The Company 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.

During the year ended January 31, 2023, the Company fulfilled all obligations under the PAN Agreement, through the acceleration and issuance of the final payment of \$1.5 million to PAN, and exercised its option to acquire 100 per cent of BEX's interest in the Escape Lake Property, subject to a 0.5 percent net smelter return royalty from production on the Escape Lake Property to be retained by BEX. Upon exercise of its option, the Company will also assume the obligations of the payer in respect of the RTEC royalty.

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 (paid); and
- iv) \$1.5 million on the third anniversary of the closing of the acquisition of the TBN Project (paid).

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.

Clean Air Metals Inc.
Year Ended January 31, 2023
Management's Discussion and Analysis ("MD&A")

Results of Operations *(continued)*

Exploration and Evaluation Properties *(continued)*

Thunder Bay North Property *(continued)*

The PAN Agreement *(continued)*

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, and in May 2022, made the second anniversary payment of \$1,500,000 under the PAN Agreement.

In December 2022, the Company accelerated and issued the final payment of \$1.5 million to PAN, fulfilling all payment obligations under the PAN Agreement and earning the Company a 100 percent right, title and interest in and to the TBN Property.

Summary of Quarterly Results

| | January 31, | October 31, | July 31, | April 30, | January 31, | October 31, | July 31, | April 30, |
|--|--------------------|-------------|-----------|-----------|-------------|-------------|-----------|-----------|
| | 2023 | 2022 | 2022 | 2022 | 2022 | 2021 | 2021 | 2021 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Total revenues | - | - | - | - | - | - | - | - |
| Net loss | (2,360,023) | (1,149,336) | (746,643) | (560,871) | (1,284,873) | (43,617) | (794,601) | (47,741) |
| Net loss per share - basic and diluted | (0.01) | (0.01) | (0.01) | (0.00) | (0.01) | (0.00) | (0.00) | (0.00) |

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 \$11,684,677 as at January 31, 2023 (January 31, 2022 – \$1,632,099 deficiency).

The Company had cash of \$6,871,401 as at January 31, 2023 (January 31, 2022 - \$542,573), 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.

On December 16, 2022, the Company received \$10-million as the first tranche of \$15-million mineral royalty financing agreement effective Dec. 16, 2022, with Triple Flag Precious Metals Corp ("The Triple Flag royalty agreement"). The Triple Flag royalty agreement features a 2.5-per-cent net smelter returns (NSR) mining royalty for all mineral product produced on the Thunder Bay North critical minerals (platinum, palladium, copper and nickel) project in Northern Ontario, Canada, temporarily excepting the Escape claims.

Clean Air Metals Inc.
Year Ended January 31, 2023
Management's Discussion and Analysis ("MD&A")

Liquidity *(continued)*

The second tranche, consisting of \$5-million, is to be paid on or before 110 days from the effective date of the Triple Flag royalty agreement. Subsequent to January 31, 2023, the Company received the second tranche of \$5 million from Triple Flag.

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.

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.

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 year ended January 31, 2023. The Company is not subject to externally imposed capital requirements.

On February 23, 2022, the Company closed a private placement for gross proceeds of approximately \$12.5 million, consisting of: (i) 23,150,400 flow-through units, of which 10,869,600 were issued at a price of \$0.23 per flow-through unit and 12,280,800 at a price of \$0.285, and (ii) 32.25 million non-flow-through units at a price of \$0.20 per unit. Each flow-through unit consists of one common share of the Company and one common share purchase warrant that each qualify as a flow-through share (within the meaning of Subsection 66(15) of the Income Tax Act (Canada)). Each unit consists of one non-flow-through common share of the company and one non-flow-through share warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of \$0.25 for a period of two years following the closing of the offering.

Clean Air Metals Inc.
Year Ended January 31, 2023
Management's Discussion and Analysis ("MD&A")

Capital Resources *(continued)*

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 year ended January 31, 2022, 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 \$729,564.

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.

Off-Balance Sheet Arrangements and Proposed Transactions

Not applicable.

Critical Accounting Estimates

For critical accounting estimates, refer to the consolidated financial statements for the year ended January 31, 2023.

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:

| Name | Nature of transactions |
|---------------------|--|
| 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 |
| Shannin Metatawabin | Wages for director fees |

Trade and other accounts payable as at January 31, 2023 includes \$Nil (January 31, 2022 - \$8,400) 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 years ended January 31, 2023, and 2022, were as follows:

Clean Air Metals Inc.
Year Ended January 31, 2023
Management's Discussion and Analysis ("MD&A")

Transactions with Related Parties *(continued)*

| | 2023 | 2022 |
|--------------------------|---------------------|-------------------|
| Consulting fees, CFO | \$ 100,800 | \$ 96,000 |
| Wages, CEO | 226,600 | 220,000 |
| Wages, Executive Chair | 128,750 | 125,000 |
| Wages, Directors | 220,000 | 159,886 |
| Share-based compensation | 478,099 | 31,741 |
| Total | \$ 1,154,249 | \$ 632,627 |

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:

| Financial Instrument | Category | January 31, 2023 | January 31, 2022 |
|--------------------------|----------------|-------------------------|------------------|
| Cash | FVTPL | \$ 6,871,401 | \$ 542,573 |
| Amounts receivable | Amortized Cost | 5,000,000 | - |
| Trade and other payables | Amortized Cost | 609,319 | 905,430 |
| Lease liability | Amortized Cost | 26,457 | 45,163 |
| NSR option liability | Amortized Cost | 2,790,208 | - |
| Note payable | Amortized Cost | - | 2,544,980 |

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:

Clean Air Metals Inc.
Year Ended January 31, 2023
Management's Discussion and Analysis ("MD&A")

Risk Management *(continued)*

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.

- (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, January 31, 2023 | 223,597,548 | 3,906,490 | 64,772,950 | 12,582,437 | 2,043,820 |
| Balance, May 30, 2023 | 223,798,623 | 2,733,520 | 58,400,400 | 12,582,437 | 1,665,384 |

During the year ended January 31, 2023, the following share issuances occurred:

- a) On October 4, 2022, 664,996 common shares were issued at a fair value of \$0.255 as a result of partial vesting of restricted share units originally granted on March 14, 2022.
- b) On May 4, 2022, 263,158 common shares were issued at a fair value of \$0.335 as a result of partial vesting of restricted share units originally granted on May 4, 2021.

Clean Air Metals Inc.
Year Ended January 31, 2023
Management's Discussion and Analysis ("MD&A")

Disclosure of Outstanding Share Data *(continued)*

- c) On February 23, 2022, the Company closed a private placement for gross proceeds of approximately \$12.5 million, consisting of: (i) 23,150,400 flow-through units, of which 10,869,600 were issued at a price of \$0.23 per flow-through unit and 12,280,800 at a price of \$0.285, and (ii) 32.25 million non-flow-through units at a price of \$0.20 per unit. Each flow-through unit consists of one common share of the Company and one common share purchase warrant that each qualify as a flow-through share (within the meaning of Subsection 66(15) of the Income Tax Act (Canada)).

Each unit consists of one non-flow-through common share of the company and one non-flow-through share warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of \$0.25 for a period of two years following the closing of the offering.

As consideration for their services in connection with the offering, the agents received: (a) a cash commission equal to \$738,242; and (b) 2,733,520 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 \$0.20 per compensation option share for a period of two years following the closing of the offering.

During the year ended January 31, 2022, 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 \$729,564.

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, 2022, 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.

Clean Air Metals Inc.
Year Ended January 31, 2023
Management's Discussion and Analysis ("MD&A")

Subsequent Events

Subsequent to January 31, 2023, the following significant transactions occurred:

- i) On February 15, 2023, the Company announced that, pursuant to an ongoing internal review of the Company's previously filed resource estimate, and under the independent supervision of SLR Consulting (Canada) Ltd., there will likely be a material reduction in the metal content in the Current deposit, one of the two mineral deposits comprising the Thunder Bay North project. The potential reduction was estimated to be between 20% - 50% from what was previously reported in the independent mineral resource estimate and subsequent preliminary economic assessment prepared by Nordmin Engineering Ltd., and the Company retracted both documents.

On May 4, 2023, the Company announced that it completed an updated indicated and inferred mineral resource estimate, prepared by SLR Consulting (Canada) Ltd., and a new NI 43-101 technical report will be filed on SEDAR within 45 days. The Current deposit contains an indicated mineral resource of 8.2 million tonnes grading 2.7 grams per tonne 2PGE (platinum plus palladium), 0.33 per cent copper and 0.22 per cent nickel, and an inferred mineral resource of 1.6 million tonnes grading 1.7 g/t 2PGE, 0.32 per cent copper and 0.20 per cent nickel. The Escape deposit contains an indicated mineral resource of 5.8 million tonnes grading 2.6 g/t 2PGE, 0.52 per cent copper and 0.28 per cent nickel, and an inferred mineral resource of 600,000 tonnes grading 1.5 g/t 2PGE, 0.29 per cent copper and 0.17 per cent nickel.

- ii) On May 4, 2023, the Company issued 201,075 common shares to certain officers and employees of the Company pursuant to the vesting of restricted share units that were originally granted on May 4, 2021.
- iii) On May 4, 2023, the Company announced the closing of the second tranche payment of \$5 million from Triple Flag Precious Metals Corp. pursuant to the mineral property royalty financing originally announced on December 19, 2022.

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.
Year Ended January 31, 2023
Management's Discussion and Analysis ("MD&A")

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 and social governance ("ESG") leader in the 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 a comprehensive COVID safety policy in place since February 2020 and updates and amends the policy with ongoing recommendations from health authorities. 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 Environmental Impact Study (EIS) gap analysis with recommendations for further work, baseline water studies comparing current and historical water quality data and archaeological studies has been freely shared with the Fort William First Nation, the Red Rock Indian Band and the Biinjitiwabik Zaaging Anishinaabek (collectively, the "Cooperating Participants"), 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 signed January 9, 2021 and subsequent Exploration Agreement effective April 13, 2022, establishing a project partnership going forward. The Memorandum of Agreement and Exploration Agreement confirm a framework for a mutually beneficial relationship between the Cooperating Participants regarding the Thunder Bay North Project. The Memorandum of Agreement and Exploration Agreement establish 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 a 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 of Clean Air Metals Inc. 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://cleanairmetals.ca/esg/overview/> including a Code of Business Conduct and Ethics, a Sustainability Policy, an Ethical Workplace and Reporting Policy and Procedure including a practical whistle-blower policy, 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.

Clean Air Metals Inc.
Year Ended January 31, 2023
Management's Discussion and Analysis ("MD&A")

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

The Sustainability Committee of the Board has also derived ESG tracking templates and a checklist under the care of senior management as part of their 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.

Other Information

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com.