

SERRA ENERGY METALS CORP
(formerly E79 Resources Corp)

Management's Discussion and Analysis

For the Nine Months Ended January 31, 2024

General

This management discussion and analysis should be read in conjunction with the interim financial statements and related notes thereto of Serra Energy Metals Corp (the "Company") for the nine months ended January 31, 2024 and 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board ("IASB"), including IAS 34, Interim Financial Reporting. All amounts in the financial statements and this discussion and analysis are presented in Canadian dollars, unless otherwise indicated. This Management Discussion and Analysis ("MD&A") is dated March 27, 2024 and discloses specified information up to that date.

Management is responsible for the preparation and integrity of the condensed consolidated interim financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the consolidated financial statements and MD&A, are complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at www.sedarplus.com.

Description of Business and Operations

The Company is a resource exploration company that is acquiring and exploring mineral properties. The Company was incorporated on September 27, 2018, under the laws of the Province of British Columbia, Canada. On October 18, 2023, the Company changed its name to Serra Energy Metals Corp from E79 Resources Corp. The Company is a reporting issuer in the province of British Columbia. The head office, principal address and records office of the Company are located at 907-1030 West Georgia Street, Vancouver BC. The Company is listed on the Canadian Securities Exchange under the stock symbol SEEM and on the OTCQB under the symbol ESVNF.

On November 30, 2020, the Company closed a purchase agreement with E79 Resources Pty Ltd., a private Australian company, pursuant to which the Company acquired all of the outstanding shares of E79 Resources Pty Ltd. and thereby acquired 100% of two gold projects, the Beaufort and Myrtleford projects located in Victoria, Australia.

In early 2023, the Company facilitated the incorporation of a company in Brazil, Green Metals do Brasil Ltda. as the Company is considering investing in green metals exploration projects in Brazil. In November 2023, the Company announced that it has been granted a 100% interest in the Santa Luz Property comprising four mineral tenements covering approximately 8,000 hectares in Bahia state, Brazil, by the Agência Nacional de Mineração (Federal Mining Agency of Brazil).

Subsequent to the quarter end, on February 23, 2024, the Company announced the resignation of Grant Wechsel as a Director and Patrick Donnelly as President and CEO. Vince Sorace, Chairman of the Company, assumed the position of Interim President and CEO.

Mineral Property Interests

Santa Luz Property, Brazil

The Santa Luz Property comprises four mineral tenements covering approximately 8,000 hectares in Bahia state, Brazil. It is located approximately 20km northwest of the city of Santa Luz and 273km from the city of Salvador on the coast of Brazil. The tenements, which contain pegmatites, have the potential to host spodumene mineralization. All of the new tenements are located near infrastructure, including roads, electricity, and water. Inspection of the property by Company senior management and geologists identified several pegmatites which crosscut granites on the tenements. Follow-up early-stage work is under review.

During the quarter, a number of other pegmatite tenements were evaluated but were determined to be not of interest to the Company.

Myrtleford Property, Australia

Myrtleford is a granted exploration license and located in the north-east of Victoria, approximately 290 km northeast of the Victorian capital Melbourne and approximately 40 km south of the Victoria – New South Wales border cities of Albury – Wodonga, Australia. The license consists of a single contiguous parcel covering 418km². The Exploration License lies within a northwest-trending belt of alluvial and hard rock gold mines that collectively produced 6.3 Moz in the past, mostly from alluvial mining, but also from hard rock production.

In February 2021 the Company secured the services of a Victorian-based exploration drilling company to commence a maiden diamond drilling program at its high-priority Happy Valley gold target on the Myrtleford Property. The drill rig was contracted for initial 1,000m at Happy Valley to test for down-dip extensions of four previously mined high-grade reefs. Details are contained in the Company's news release of February 1, 2021 filed on SEDAR at www.sedarplus.ca.

The Company had engaged a second drill rig and subsequently commenced a maiden drill program at its Twist Creek prospect. The initial 3,000m program was to target up to 6 lines of reef over a 3km strike length that were historically mined with gold grades up to 2 ounces.

Initial drilling assay results from the Scandinavian Prospect at Twist Creek were announced on July 13, 2022 and December 7, 2022, the news releases being available on the Company's website and filed on SEDAR at www.sedarplus.ca.

Beaufort Property, Australia

Beaufort is a granted exploration tenement located in the southwest of Victoria approximately 145km west of Melbourne, Australia. It is approximately 48km west of the regional town and historic gold mining center of Ballarat. The license consists of a single contiguous parcel covering 120km². The Beaufort Goldfield has been extensively mined in the past almost exclusively for alluvial gold, with an estimated 1.16 Moz of historical production. Local primary sources for the alluvial gold have not yet been identified.

During the year ended April 30, 2023, the carrying cost of the project was reviewed and given the focus of the Company is currently not on this project and it has no current plans to further explore the property, the project was impaired to \$1.

					Total for period ended January 31, 2024					Total for period ended April 30, 2023						
	BRAZIL		AUSTRALIA			BRAZIL		AUSTRALIA								
			Beaufort	Myrtleford				Beaufort	Myrtleford							
Property acquisition costs																
Balance, beginning	\$	-	\$	1	\$	6,450,700	\$	6,450,701	\$	-	\$	1,612,675	\$	6,450,700	\$	8,063,375
Additions		54,759		-		-		54,759		-		-		-		-
Balance, ending	\$	54,759	\$	1	\$	6,450,700	\$	6,505,460	-	\$	1,612,675	\$	6,450,700	\$	8,063,375	
Exploration and evaluation costs																
Balance, beginning	\$	-	\$	-	\$	4,483,305	\$	4,483,305	\$	-	\$	1,356,305	\$	2,754,007	\$	4,110,312
Consulting, management and sub-contractors		71,625		-		36,219		107,844		-		28,560		607,930		636,490
Soil sampling and assay		125		-		8,594		8,719		-		2,535		109,278		111,813
Geophysics		-		-		-		-		-		-		38,108		38,108
Drilling		-		-		536		536		-		-		834,928		834,928
Other costs		2,360		-		24,691		27,051		-		(1,373)		139,054		137,682
Balance, ending	\$	74,110	\$	-	\$	4,553,345	\$	4,627,455	-	\$	1,386,027	\$	4,483,305	\$	5,869,333	
Impairment		-		-		-		-				((2,998,701)		-		(2,998,701)
Total	\$	128,869	\$	1	\$	11,004,045	\$	11,132,915	\$	-	\$	1	\$	10,934,005	\$	10,934,007

Results of Operations

The net losses for the nine months ended January 31, 2024 and 2023 are summarized below:

	2024	2023
General and administrative services	\$ 205,490	\$ 276,829
Foreign exchange	18,394	67,923
Marketing	78,056	282,938
Management fees	543,061	642,139
Professional fees	17,704	50,820
Transfer agent, regulatory and listing fees	32,519	60,057
Travel	94,837	-
Stock-based compensation	54,789	498,233
Depreciation	1,177	-
Recovery of exploration and evaluation assets	(57,751)	-
	\$ (988,276)	\$ (1,878,939)

The decrease in the expenditures is primarily due to the reduction in the stock-based compensation expense which is driven by the timing of the vesting of the options. Stock based compensation represents the value of stock options granted to directors, officers and consultants which vested in the period. General and administrative services, marketing, management fees, professional fees, and transfer agent, regulatory and listing fees decreased due to an effort to contain costs as it reviews its ongoing strategy. Travel expense increased due to the incorporation of the new subsidiary in Brazil and inspection of potential projects.

The net losses for the three months ended January 31, 2024 and 2023 are summarized below:

	2024	2023
General and administrative services	\$ 72,782	\$ 159,555
Foreign exchange	6,118	41,833
Marketing	24,764	45,969
Management fees	167,432	162,622
Professional fees	3,863	13,188
Transfer agent, regulatory and listing fees	6,704	5,437
Travel	48,280	-
Stock-based compensation	16,767	108,177
Depreciation	1,177	-
	\$ (347,887)	\$ (536,781)

The decrease in the expenditures is primarily due to the reduction in the stock-based compensation expense which is driven by the timing of the vesting of the options. Stock based compensation represents the value of stock options granted to directors, officers and consultants which vested in the period. General and administrative services, marketing, and professional fees, and transfer agent, regulatory and listing fees decreased due to an effort to contain costs as it reviews its ongoing strategy. Travel expense increased due to the incorporation of the new subsidiary in Brazil and inspection of potential projects.

Selected Quarterly Information

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

Quarter Ended	Loss for the period \$	Loss per Share (Basic & Diluted) \$	Total Assets \$
January 31, 2024	347,887	0.01	14,069,152
October 31, 2023	292,165	0.00	14,421,086
July 31, 2023	348,224	0.01	14,773,986
April 30, 2023	3,664,409	0.06	15,241,519
January 31, 2023	536,781	0.01	18,580,977
October 31, 2022	552,627	0.01	19,204,225
July 31, 2022	789,531	0.01	19,762,305
April 30, 2022	551,432	0.01	20,940,411

Financial Condition, Liquidity and Capital Resources

As an exploration company, the Company has not generated any revenues from operations with the primary source of financing to date being from the issuance of equity securities and advancements received from related parties to continue the development of its mineral property.

As at January 31, 2024 the Company had net working capital of \$2,783,915 (April 30, 2023 - \$3,950,443) and cash of \$2,729,810 (April 30, 2023 - \$4,051,553).

There can be no assurance that financing will be available to the Company in the future that will be obtained on terms satisfactory to the Company.

Supplemental Cash Flow Information

Operating Activities

During the nine months ended January 31, 2024, cash used in operating activities was \$1,081,639 (2023 - \$1,073,936). The decrease in cash used is primarily a result of the settlement of amounts owing to drilling contractors and others related to the Myrtleford project.

Investing Activities

During the nine months ended January 31, 2024, cash used in investing activities was \$240,104 (2023 - \$2,517,709) as a result of exploration activities on the Company's projects and the purchase of equipment.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance-sheet arrangements.

Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

Key management compensation is as follows:

	Three Months January 31,		Nine Months Ended January 31,	
	2024	2023	2024	2023
Management fees	\$ 122,609	\$ 180,212	\$ 381,990	\$ 508,248
Stock based compensation	16,767	97,179	96,166	496,060
	\$ 139,376	\$ 277,391	\$ 478,156	\$ 1,004,308

Related party balances

As at January 31, 2024, \$566 (April 30, 2023 - \$30,418) was due to directors of the Company. Amounts owing are non-interest bearing, unsecured and due on demand and are included in accounts payable and accrued liabilities.

As at January 31, 2024, \$9,000 (April 30, 2023 - \$12,500) was included in prepaid expenses to directors of the Company.

Accounting Policies

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations and may require management to make judgements or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing the audited financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

Critical Accounting Estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

- i) Going concern:
The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involved significant judgments based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstance.
- ii) Economic recoverability and probability of future benefits of exploration and evaluation costs:
Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable.

Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

iii) Valuation of stock-based compensation:

The Company uses the Black-Scholes option pricing model for valuation of stock-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

iv) Income taxes:

The Company recognizes deferred tax assets for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and other income tax deductions can be utilized. In assessing the probability of realizing the income tax benefits of deductible temporary differences, unused tax losses and other income tax deductions, 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. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

Financial Instruments and Capital Management

Due to the short-term nature, the carrying amount of cash, amounts receivables and accounts payable and accrued liabilities approximates their fair value. Cash is measured at fair value while other receivables, accounts payables and accrued liabilities and amounts due to related parties are measure at amortized cost.

Contingencies

The Company is not aware of any contingencies or pending legal proceedings as at the date of this report.

Disclosure of Outstanding Share Data

As at the date of this report, the Company had 65,111,145 (April 30, 2023 – 65,111,145) common shares outstanding.

As at the date of this report, the Company had 3,912,500 stock options outstanding.

Investor Relations

The Company has no third parties providing investor relations or other related services.

Management's Responsibility for the Financial Statements

The information provided in this report as referenced from the Company's condensed interim financial statements for the referenced reporting period is the sole responsibility of management. In the preparation of the information along with related and accompanying statements and estimates contained herein,

management uses careful judgement in assessing the values (or future values) of certain assets or liabilities. It is the opinion of management that such estimates are fair and accurate as presented.

Other Information

Risks and Uncertainties

The Company's business remains mineral property acquisition, exploration and development business and as a result it may be exposed to a number of operational, financial, regulatory and other risks and uncertainties that are typical in the natural resource industry and common to other companies in the exploration and development stage. These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company, or which are presently considered immaterial could adversely impact the Company's business, results of operations, and financial performance in future periods.

The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. While the Company has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the future. Many factors influence the Company's ability to raise funds, including the health of the capital market, the climate for mineral exploration investment and the Company's track record. Actual funding requirements may vary from those planned due to a number of factors, including the acquisition of new projects. There is no guarantee that the Company will be able to secure additional financings in the future at terms that are favourable, or at all.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.sedarplus.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Cautionary Statement on Forward Looking Information

This MD&A includes "forward-looking statements" and "forward-looking information" within the meaning of Canadian securities legislation. All statements included in this MD&A, other than statements of historical fact, are forward-looking statements. When used in this MD&A, words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "forecast", "predict", "foresee" and other similar terminology, or sentences/statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance.

These statements reflect the Company's current expectations regarding future events, performance and results, and are accurate only at the time of this MD&A and may be superseded by more current information. Forward-looking statements also involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company or its mineral projects to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or information.

In making such statements, the Company has made assumptions regarding, among other things: general business and economic conditions; the availability of additional; the supply and demand for, inventories of, and the level and volatility of the prices of metals; the timing and receipt of governmental permits and

approvals; changes in regulations; political factors; the accuracy of the Company's interpretation of the geology of the Company's properties and prospective properties; the availability of equipment, skilled labour and services needed for the exploration of mineral properties; and currency fluctuations.

Although the forward-looking statements or information contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. They should not be read as guarantees of future performance or results. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to: the factors discussed below and under "Risks and Uncertainties"; unanticipated changes in general business and economic conditions or conditions in the financial markets; fluctuations in the price of metals; stock market volatility; the availability of exploration capital and financing generally; changes in national and local government legislation; changes to taxation; changes in interest or currency exchange rates; loss of key personnel; inaccurate geological assumptions; competition; unavailability of materials and equipment; government action or delays in the receipt of permits or government approvals; and unanticipated events related to health, safety and environmental matters, including the impact of epidemics.

Forward-looking information is designed to help readers understand management's current views of the Company's near and longer-term prospects, and it may not be appropriate for other purposes. The Company will not update any forward-looking statements or forward-looking information unless required to by applicable securities laws.