

Management's Discussion and Analysis of Metallica Metals Corp.
For the three months ended July 31, 2023 and 2022
(Expressed in Canadian Dollars)

Introduction

This management's discussion and analysis ("MD&A") provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the three-month period ended July 31, 2023, compared to the three-month period ended July 31, 2022. This report prepared as at September 18, 2023 intends to complement and supplement our unaudited condensed interim financial statements (the "financial statements") as at July 31, 2023 which have been prepared in accordance with International Financial Reporting Standards, and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and should be read in conjunction with the condensed interim consolidated financial statements and the accompanying notes. Readers are also advised to read the Company's audited financial statements (the "financial statements") and accompanying notes for the year ended April 30, 2023, (the "financial statements"), which have been prepared in accordance with International Financial Reporting Standards "IFRS".

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation. Our financial statements have been prepared using accounting policies consistent with IFRS. All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", or the "Company", we mean Metallica Metals Corp., as it may apply.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events and include without limitation, statements regarding discussions of the Company's business strategy, future plans, projections, objectives, estimates and forecasts and statements as to management's expectations with respect to, among other things, the development of the Company's projects. These forward-looking statements involve numerous risks and uncertainties and actual results may vary. Important factors that may cause actual results to vary include without limitation, certain transactions, certain approvals, changes in commodity prices, risks inherent in exploration results, timing and success, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and mineral resources), delays in the receipt of government approvals, and changes in general economic conditions or conditions in the financial markets. In making the forward-looking statements in this MD&A, the Company has applied several material assumptions, including without limitation, the assumptions that: (1) any additional financing needed will be available on reasonable terms.

Additional factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, among other factors: (1) weak commodity prices and general metal price volatility; (2) the state of the global economy and economic and political events, including the deterioration of the global capital markets, affecting supply and demand and economic and political events affecting supply and demand; and (3) securing and the nature of regulatory permits and approvals and the costs of complying with environmental, health and safety laws and regulations.

The Company cannot assure you that any of these assumptions will prove to be correct.

The words "expect," "anticipate," "estimate," "may," "will," "should," "intend," "believe," "target," "budget," "plan," "projection" and similar expressions are intended to identify forward-looking statements. Information concerning mineral reserve and mineral resource estimates also may be considered forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present during operations or if and when an undeveloped project is actually developed.

These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company believes that the expectations reflected in the forward-looking statements, including future-oriented financial information, contained in this MD&A and any documents incorporated by reference are reasonable, but no assurance can be given that these expectations will prove to be correct. In addition, although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, including future-oriented financial information, there may be other factors that cause actions, events, or results not to be as anticipated, estimated, or intended. The Company undertakes no obligation to disclose publicly any future revisions to forward-looking statements, including future-oriented financial information, to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events, except as expressly required by law.

Additionally, the forward-looking statements, including future-oriented financial information, contained herein are presented solely for the purpose of conveying our reasonable belief of the direction of the Company and may not be appropriate for other purposes.

The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. Additional information relevant to the Company's activities can be found on SEDAR at www.sedarplus.ca.

Overview

On February 17, 2022 the Company announced that its common shares have been approved for trading on the OTCQB Venture Market (the "OTCQB") by the OTC Markets Group Inc. ("OTC Markets"). The Company's common shares began trading on the OTCQB under the symbol "MTALF" as of the opening of market on February 17, 2022. The listing to the OTCQB complements the Company's previous receipt of DTC Eligibility. The Company's common shares will continue to trade on the Canadian Securities Exchange (CSE) under the symbol "MM" and the Frankfurt Stock Exchange under the symbol "SY7P"

The OTCQB is premier and established marketplace for entrepreneurial and development-stage companies to trade in the United States (US). The OTCQB is recognized by the United States Securities and Exchange Commission as an established public market providing public information for analysis and value of securities. The OTCQB offers companies the opportunity to build their visibility, expand their liquidity and diversify their shareholder base on an established public market.

US investors can find current financial disclosure and Real-Time Level 2 quotes for the Company on <https://www.otcm Markets.com/stock/MTALF/overview>.

At July 31, 2023 the Company reported working capital of \$96,358 (April 30, 2023 – \$121,304). At July 31, 2023, the Company had not yet achieved profitable operations, has accumulated losses of \$47,406,401 (April 30, 2023 - \$47,356,455) since its inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on continued financial support from its shareholders, the ability of the Company to raise equity financing, the attainment of profitable operations, external financings and further share issuances.

Exploration Activities

Waswanipi-Saguenay Project

The Company entered into a purchase agreement (the "Purchase Agreement") on March 8, 2023. Pursuant to the Purchase Agreement, the Company acquired 54 claims, representing approximately 3,024 hectares along the Waswanipi-Saguenay Zone in Quebec. As consideration, the issued 9,600,000 common shares (valued at \$1,440,000).

On April 17, 2023, the Company issued 8,000,000 common shares (valued at \$1,440,000) to acquire an additional 37 claims, which represent approximately 2,072 hectares.

In May 2023, the Company issued 8,000,000 common shares acquire additional claims in the Waswanipi-Saguenay Zone.

CAUTIONARY NOTES AND QUALIFIED PERSON STATEMENT

This MD&A contains scientific and technical information with respect to adjacent or similar mineral properties, which the Company has no interest in or rights to explore. Readers are cautioned that any technical information disclosed regarding mineralization, deposit style, and past-production on adjacent or similar properties is not necessarily indicative of the presence of a mineral deposit or mineralization on the Company's properties.

All scientific and technical information contained in this MD&A was prepared and approved by Richard Roy, P.Geo., who is a Qualified Person as defined in NI 43-101. Mr. Roy has verified the scientific and technical information disclosed in this MD&A by reviewing published scientific papers, government reports, and NI 43-101 technical reports related to the Company's properties that outline its geology and structure, mineralization potential, deposit style, and past production history.

RESULTS OF OPERATIONS

Due to the Company's status as an exploration and development stage mineral resource company and a lack of commercial production from its properties, the Company currently does not have any revenues from its operations.

For the three months ended July 31, 2023

During the three months ended July 31, 2023 ("Q1-2024"), the Company reported a net loss and comprehensive loss of \$49,946 compared to \$149,578 for the three months ended July 31, 2022 ("Q1-2023"), a decrease in loss of \$99,632. The loss is primarily comprised of the following:

- (a) Consulting and management fees in Q1-2024 of \$15,000 (Q1-2023 – \$98,874) decreased by \$83,874 compared to Q1-2023 as a result of a decrease in the number of consultants in Q1-2024.
- (b) Filing and transfer agent fees decreased by \$2,731 in Q1-2024, to \$10,780 (Q1-2023 - \$13,511). The Company's filing and regulatory expenses relate to the appointments and resignations of certain officers and directors, and sustaining fees for the Company's stock market listing. These costs were lower in Q1-2024 as result of increased in filings in that period.
- (c) Professional fees in Q1-2024 of \$14,607 (Q1-2023 – \$35,020) decreased by \$20,413 compared to Q1-2023 as a result of a decrease in legal correspondence with regulatory bodies and general corporate matters.

Summary of Quarterly Results

The following is a summary of the Company's financial results for each of the eight most recently completed quarters:

	July 31, 2023	April 30, 2023	January 31, 2023	October 31, 2022
Revenue	\$ nil	\$ nil	\$ nil	\$ nil
Loss for the period	(49,946)	(8,364,072)	(123,927)	(111,011)
Exploration and evaluation assets	4,240,002	2,905,002	8,218,866	8,192,374
Total assets	4,472,594	3,162,270	8,678,540	8,748,406
Loss per share	(0.00)	(0.53)	(0.00)	(0.00)

	July 31, 2022	April 30, 2022	January 31, 2022	October 31, 2021
Revenue	\$ nil	\$ nil	\$ nil	\$ nil
Loss for the period	(149,578)	(1,253,988)	(495,570)	(386,599)
Exploration and evaluation assets	8,021,702	7,863,852	9,028,410	7,980,380
Total assets	8,874,743	8,994,241	10,420,327	9,548,561
Loss per share	(0.00)	(0.10)	(0.03)	(0.03)

EQUITY TRANSACTIONS

The Company will continue to require funds for exploration work on its properties, as well as to meet its ongoing day-to-day operating requirements and will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company. The Company does not have any other commitments for material capital expenditures over either the near or long term or none are presently contemplated other than as disclosed above and/or over normal operating requirements.

During the months of July and August 2022, the Company issued an aggregate of 616,424 common shares with a fair value of \$61,642 as an option payment on the Starr Gold-Silver project).

During the months of March and April 2023, the Company issued an aggregate of 17,600,000 common shares with a fair value of \$2,880,000 as payment for the Waswanipi-Saguenay property.

In May 2023, the Company issued 8,000,000 common shares acquire additional claims in the Waswanipi-Saguenay Zone.

Liquidity and capital resources

The Company has no operations that generate cash flow and its long-term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable. The Company's primary capital asset is a resource property. Exploration expenditures are capitalized as incurred.

Since incorporation, the Company's capital resources have been limited. The Company has had to rely upon the sale of equity securities and debt financing for the cash required to make property acquisition and exploration payments, office and miscellaneous expenses and accounting, audit and legal fees, among other expenses.

The annual audited financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity

Metallica Metals Corp.
Management's Discussion & Analysis
For the three months ended July 31, 2023 and 2022

issuances, its ability to acquire resource property or business interests and develop profitable operations or a combination thereof, which is not assured, given today's volatile and uncertain financial markets. The Company may revise programs depending on its working capital position.

Once the Company is operational, it may require further working capital in order to increase its growth rate and may seek to raise additional funds via equity and/or debt financings.

The following table summarizes the Company's cash on hand, working capital and cash flow activities:

As at	July 31, 2023		April 30, 2023	
Cash	\$	175,013	\$	211,518
Working capital		96,358		121,304

Period ended	July 31, 2023		July 31, 2022	
Cash used in operating activities	\$	(36,505)	\$	(206,804)
Cash used in investing activities		-		(86,208)
Cash provided (used) by financing activities		-		-
Change in cash		(36,505)		(655,555)

The Company is dependent on the sale of treasury shares to finance its exploration activities, property acquisition payments and general and administrative costs. The Company will have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities.

Cash flow analysis

Operating Activities

During the three month period ended July 31, 2023, cash used in operating activities was \$36,505 (2022 - \$206,804) for the activities as described above, in results of operations.

Investing activities

During the three month period ended July 31, 2023, the Company used \$nil (2022 - \$86,208) in investing activities. The Company spent \$nil (2022 - \$86,208) cash in exploration activities.

Financing activities

During the three month period ended July 31, 2023, the Company used \$nil (2022 - \$nil) in financing activities.

OFF BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements to which the Company is committed.

TRANSACTIONS WITH RELATED PARTIES

The Company had the following transactions with current and former directors and officers during the three months ended July 31, 2023 and 2022:

		Three months ended	
		July 31, 2023	July 31, 2022
Consulting and management fees	(a)	\$ 15,000	\$ 60,000
		\$ 15,000	\$ 60,000

(a) *Management fees were comprised of \$nil (2022 – \$30,000) for the CEO, \$nil (2022 - \$21,000) for the President, and \$15,000 (2022 - \$nil) for the CFO. The Company recorded consulting fees of \$nil (2022 – \$9,000) for the former CFO and Corporate Secretary.*

PROPOSED TRANSACTIONS

There are no proposed transactions.

CRITICAL ACCOUNTING ESTIMATES

By definition the Company is a venture issuer and as such utilizes limited critical accounting estimation.

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to establish accounting policies and to make estimates that affect both the amount and timing of the recording of assets, liabilities and expenses. Some of these estimates require judgment about matters that are inherently uncertain.

Estimates and assumptions where there are significant risk of material adjustments to assets and liabilities in future accounting years include share-based awards and payments, fair value measurements of financial instruments, recoverability of the carrying value of exploration and evaluation assets, recoverability and measurement of deferred tax assets and decommissioning obligations.

FINANCIAL INSTRUMENTS

Fair Value Measurement

The Company's financial instruments consisted of cash, receivables, trade payables and accrued liabilities, amounts due to related parties and loans payable. The carrying value of these financial instruments approximates their fair value due to the short period of time to maturity. The loans payable are booked at amortized costs.

Risk Disclosures

The Company's consolidated financial instruments are exposed to foreign currency risk, credit risk, interest rate risk and liquidity risk.

Foreign currency risk

The Company does conduct some of its business in US Dollars and is therefore exposed to variations in the foreign exchange rate. The Company does not use foreign currency hedges to manage this risk.

Credit risk

Credit risk reflects the risk that the Company may be unable to recover contractual receivables. The Company's receivables are due from the Government of Canada. Credit risk is minimal.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in non-interest bearing bank accounts and interest on the Company's loans payable are based on fixed rates, management considers the interest rate risk to be minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. At July 31, 2023, the Company had \$175,013 cash to settle current liabilities of \$136,234. The Company manages its liquidity risk by continuously monitoring forecast cash flow requirements to fund its operations. Management will consider securing additional funds through equity transactions, although there can be no guarantee that management will be successful in doing so. Management does not consider the liquidity risk to be significant at this point.

Industry Trends & Risk Factors

The Company operates within the context of the exploration, development and mining industry. This industry involves substantial risk and is considered a highly cyclical industry. The Company's current focus is primarily on metals exploration and the development of such properties to a feasibility or pre-feasibility phase, and is therefore highly dependent on the raising of risk or venture capital by way of equity issuances to fund exploration activities. Complex factors and competitive forces including commodity trends, inflation, interest rates, supply and demand of metals and minerals, as well as economic cycles and their respective expansion or contraction periods influence the business of the Issuer. Furthermore, the industry is especially dependent on the price of precious and base metals in the global commodities market. Strong precious and base metals prices make it substantially easier for the Issuer to raise funds by way of equity in the capital markets.

If the weakening commodity trend of metals continues, the Company anticipates that it will have difficulty funding all of the exploration and development activities over the foreseeable future.

SHAREHOLDER'S EQUITY AND OUTSTANDING SHARE DATA

Outstanding share data as at the date of this report:

- a) Authorized capital – unlimited common shares without par value
- b) Issued and outstanding: 40,644,679 common shares
- c) Share options:

Number of options	Exercise price	Expiry Date
180,000	\$ 0.775	December 15, 2025
40,000	\$ 2.400	January 28, 2026
480,000	\$ 1.550	May 21, 2026
200,000	\$ 0.800	Dec 21, 2026
900,000		

- d) Warrants:

Outstanding	Exercise Price	Expiry
1,776,927	\$ 1.25	December 21, 2023
1,776,927		

FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements and information relating to the Company that is based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, amongst other things,

regulatory compliance and the sufficiency of current working capital. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Aside from factors identified in the annual MD&A, additional, important factors, if any, are identified here.

RISKS AND UNCERTAINTIES

Early Stage – Need for Additional Funds

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

Although the Company has been successful in the past in obtaining financing through the sale of equity securities, debt financing or joint ventures, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Conflict of Interest

The Company's directors and officers may serve as directors and officers, or may be associated with other reporting companies or have significant shareholding in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act ("Corporations Act") in dealing with conflicts of interest. These provisions state that where a director/officer has such a conflict, the director must arrange a meeting of the board to disclose his interest and must refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the unaudited condensed interim consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the unaudited condensed interim consolidated financial statements.

RECENT ACCOUNTING POLICIES

Please refer to the April 30, 2023 audited financial statements on SEDAR at www.sedarplus.ca.

OTHER MD&A REQUIREMENTS

Additional disclosure of the Company's technical reports, material change reports, news releases and other information can be obtained on SEDAR at www.sedarplus.ca.