



METALQUEST MINING INC.
(formerly El Nino Ventures Inc.)

INTERIM FINANCIAL STATEMENTS
Quarter 3
For the nine months ended 31 October 2023
(Unaudited)

(An Exploration Stage Company)
(Expressed in Canadian dollars)

**MANAGEMENT'S COMMENTS ON
UNAUDITED INTERIM FINANCIAL STATEMENTS**

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of MetalQuest Mining Inc. (formerly El Nino Ventures Inc.) (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)
(An Exploration Stage Company)
Interim Statements of Financial Position
(Unaudited)
(Expressed in Canadian dollars)

	Notes	As at 31 October 2023	As at 31 January 2023 (Audited)
ASSETS		\$	\$
Current assets			
Cash		156,334	426,699
Amounts receivable	4	2,941	7,489
Prepays and deposits		30,109	9,999
Short term investments	5	53,320	84,263
		242,704	518,451
Exploration and evaluation expenditures	6	66,114	66,114
Total assets		308,818	594,564
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	8	529	57,726
Due to related parties	14	38,322	9,848
Total liabilities		38,851	67,574
Equity			
Common shares	9	25,841,421	25,841,421
Reserves	9	8,617,752	8,583,215
Deficit		(34,189,206)	(33,897,646)
Total equity		269,967	526,990
Total equity and liabilities		308,818	594,564

Corporate Information (Note 1), **Going Concern** (Note 1.1), **Commitments and Contingencies** (Note 16)

APPROVED BY THE BOARD:

“Harry Barr”
Director

“Gordon Chunnett”
Director

The accompanying notes are an integral part of these interim financial statements.

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)
(An Exploration Stage Company)
Interim Statements of Financial Position
(Unaudited)
(Expressed in Canadian dollars)

	Notes	Three months ended 31 October 2023	Three months ended 31 October 2022	Nine months ended 31 October 2023	Nine months ended 31 October 2022
		\$	\$	\$	\$
Administration expenses					
Accounting and audit		-	1,100	13,068	1,277
Bank charges and interest		11	27	357	83
Consulting fees	14	24,494	24,199	96,165	73,660
Information technology		160	204	868	717
Management fees		30,000	30,000	90,000	90,000
Marketing and communications		-	1,252	75,954	1,252
Office and miscellaneous	17	3,094	2,592	10,439	6,937
Rent		2,995	2,887	8,423	6,970
Share-based payments		34,537	4,318	34,537	4,318
Telephone and utilities		523	190	2,386	1,457
Transfer agent and regulatory fees		10,692	4,474	36,240	13,019
Travel, lodging and food		817	36	6,016	396
Net loss before other items		(107,323)	(71,279)	(374,453)	(200,086)
Other items					
Interest income		-	-	800	-
Gain on sale of short term investments		-	-	2,235	-
Unrealized loss on short term investments		-	(69,282)	(20,140)	(76,772)
Recovery of exploration and evaluation properties		100,000	-	100,000	-
		100,000	(69,282)	82,895	(76,772)
Net income (loss) and comprehensive income (loss) for the period		(7,323)	(140,561)	(291,558)	(276,858)
Income (loss) per share – basic and diluted	16	(0.000)	(0.002)	(0.010)	(0.004)

The accompanying notes are an integral part of these interim financial statements.

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)**Interim Statements of Cash Flows****For the nine months ended 31 October 2023 and 2022****(Unaudited)**

(Expressed in Canadian dollars)

	Notes	Nine months ended	
		31 October 2023	31 October 2022
OPERATING ACTIVITIES		\$	\$
Loss for the period		(291,558)	(276,858)
Adjustments for:			
Depreciation		-	-
Share-based payments		34,537	4,318
Gain on sale of short term investments		(2,235)	-
Unrealized gain loss on short term investments		20,140	76,772
Changes in operating working capital			
Decrease (increase) in amounts receivable		14,547	322
Decrease (increase) in prepaid expenses		(30,109)	(1,708)
Increase (decrease) in trade payables and accrued liabilities		(38,915)	(15,555)
Increase (decrease) in due to related parties		10,190	1,302
Cash from (used) in operating activities		(283,403)	(211,407)
INVESTING ACTIVITIES			
Explorartion and evaluation expenditures		-	(20,066)
Proceeds from sale of short term investments		13,038	-
Cash from investing activities		13,038	(20,066)
FINANCING ACTIVITIES			
Proceeds from exercise of warrants		-	-
Cash from financing activities		-	-
Increase (decrease) in cash and cash equivalents		(270,365)	(231,473)
Cash and cash equivalents, beginning of period		426,699	785,275
Cash and cash equivalents, end of period		156,334	553,802

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MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)
(An Exploration Stage Company)
Interim Statements of Changes in Equity
For the nine months ended 31 October 2023 and 2022
(Unaudited)
(Expressed in Canadian dollars)

	Number of shares	Common shares	Stock option reserve	Warrant reserve	Deficit	Total
		\$	\$	\$	\$	\$
Balances, 1 February 2022	26,914,783	25,841,421	2,204,952	6,369,627	(33,418,778)	997,222
Share-based payments			4,318			4,318
Net loss for the period	-	-	-	-	(276,858)	(276,858)
Balances, 31 October 2022	26,914,783	25,841,421	2,209,271	6,369,627	(33,695,636)	724,682
Balances, 1 February 2023	26,914,783	25,841,421	2,209,271	6,369,627	(33,897,647)	526,988
Share-based payments	-	-	34,537	-	-	34,537
Net loss for the period	-	-	-	-	(291,558)	(291,558)
Balances, 31 October 2023	26,914,783	25,841,421	2,248,125	6,369,627	(34,189,206)	269,967

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MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

1. CORPORATE INFORMATION

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.) (the “Company”) was incorporated on 19 February 1988 under the laws of the Province of British Columbia, Canada. The Company changed its name from El Nino Ventures Inc. to MetalQuest Mining Inc. on 30 December 2022. The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties in Canada with the aim of developing them to a stage where they can be exploited at a profit or to arrange joint ventures whereby other companies provide funding for development and exploration. The Company is listed on the Toronto Stock Exchange Venture (“TSX-V”) under the symbol “MQM”.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that the Company will obtain the necessary financing to complete the exploration and development of mineral property interests, or that the current or future exploration and development programs of the Company will result in profitable mining operations. In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its existing commitments, including conducting minimum exploration and evaluation programs and paying for general and administrative expenses (Note 1.1).

The Company’s principal address and records office is located at 101-2148 West 38th Avenue, Vancouver, BC V6M 1R9.

1.1 GOING CONCERN

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast significant doubt on the validity of this assumption and ultimately the appropriateness of the use of accounting principles related to a going concern. From inception to date, the Company has incurred losses from operations, earned no revenues and has experienced negative cash flows from operating activities. As at 31 October 2023, the Company had cash of \$156,334 (31 January 2023: \$426,699) and working capital of \$203,853 (31 January 2023: \$450,877). However, management cannot provide assurances that it will achieve profitable operations or raise additional equity capital.

The Company is presently exploring its property interests and has not confirmed they contain mineral reserves that are economically recoverable. The Company’s continuing operations and the underlying value and recoverability of the mineral properties are entirely dependent upon the existence of economically recoverable mineral reserves and the Company’s ability to obtain necessary financing to complete its exploration and development of its current property interests and on future production from or proceeds from the disposition of its mineral property interests.

The ability of the Company to continue as a going concern is dependent on raising additional financing, retaining or attracting joint venture partners, developing its properties and/or generating

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

profits from operations or the disposition of properties in the future. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

Management has been successful in obtaining sufficient funding for operating, exploration and capital requirements from the inception of the Company to date. There is, however, no assurance that additional future funding will be available to the Company, or that it will be available on terms which are acceptable to the management of the Company.

If the Company is unable to raise additional capital in the immediate future, management expects that the Company will need to further curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures including ceasing operations. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and balance sheet classifications that would be necessary if the going concern assumption was not appropriate and such adjustments could be material.

2. BASIS OF PREPARATION

2.1 Basis of presentation

The Company's financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value (Note 13).

The financial statements are presented in Canadian dollars, which is also the Company's functional currency, except where otherwise indicated and all values are rounded to the nearest dollar.

2.2 Statement of compliance

The interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, '*Interim Financial Reporting*' using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the period ended 31 October 2023.

2.3 Standards, amendments and interpretations issued but not yet effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. 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.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the carrying value of exploration and evaluation properties, the valuation of all liability and equity instruments including warrants and stock options, the recoverability and measurement of deferred tax assets and liabilities and the ability to continue as a going concern. Actual results may differ from those estimates and judgments.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining the point at which a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop the property are capitalized into development assets. The determination may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of loss and comprehensive loss in the year when new information becomes available.

Determining whether to test for impairment of exploration and evaluation properties requires management's judgment regarding the following factors, among others: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration assets are unlikely to be recovered in full from successful development or by sale.

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

Decommissioning and restoration costs

Management is not aware of any material restoration, rehabilitation and environmental provisions as at 31 October 2023. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value and these estimates are updated annually. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the exploration and evaluation property. Such estimates are subject to change based on changes in laws, regulations and negotiations with regulatory authorities.

Impairment of financial assets

At each reporting date the Company assesses financial assets not carried at fair value through profit or loss to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that one or more events occurred during the period that negatively affected the estimated future cash flows of the financial asset.

Objective evidence that financial assets are impaired can include significant financial difficulty of the issuer or debtor, default or the disappearance of an active market for a security. If the Company determines that a financial asset is impaired, judgment is required in assessing the available information in regards to the amount of impairment; however the final outcome may be materially different than the amount recorded as a financial asset.

Share based payments

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in Note 3.6. The fair value of stock options is measured using the Black-Scholes Option Valuation Model. The fair value of stock options granted using valuation models is only an estimate of their potential value and requires the use of estimates and assumptions.

The Company allocates values to share capital and to warrants according to their fair value using the proportional method when two are issued together as a unit. The Company uses Black-Scholes valuation model to determine the fair value of warrants issued.

Deferred income taxes

Judgement is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that the cash flows and taxable income differ significantly from estimates, the ability of the Company to realized the net deferred tax assets recorded at the statement of financial position date, if any, could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

Going concern

These financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions (Note 1.1).

3.2 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short term money market instruments with an original maturity of three months or less, which are readily convertible into a known amount of cash.

3.3 Foreign currencies

The Company's presentation currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency of the economic environment in which they operate.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of loss and comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

3.4 Exploration and evaluation properties

Following the acquisition of a legal right to explore a property, all direct costs related to the acquisition of the property are deferred until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. Mineral property acquisition costs include cash consideration and the fair market value of common shares issued for mineral property interests based on the trading price of the shares.

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

On an ongoing basis, the Company evaluates each property based on results to date to determine the nature of exploration work that is warranted in the future. Indications of impairment may occur in the carrying value of mineral interests when one of the following conditions exists:

- i) The Company's work program on a property has significantly changed, so that previously identified resource targets or work programs are no longer being pursued;
- ii) Exploration results are not promising and no more work is being planned in the foreseeable future; or
- iii) The remaining lease terms are insufficient to conduct necessary studies or exploration work.

If there is an indication of impairment, the recoverable amount, which is the higher of the asset's fair value less costs to sell and value in use, of the asset is determined. When the carrying value of the property exceeds its recoverable amount the asset is written down accordingly. As a result, an impairment loss is recognized in the statement of loss and comprehensive loss.

The Company may occasionally enter into property option agreements, whereby the Company will transfer part of a mineral interest, as consideration for the incurring of certain exploration and evaluation expenditures by the optionee which would otherwise have been undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the property, with any excess cash accounted for as recovery of exploration and evaluation properties.

Proceeds received from the sale of any interest in a property are first credited against the carrying value of the property, with any excess included in the statement of loss and comprehensive loss for the period.

3.5 Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of loss and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted.

Where the terms and conditions of options are modified before they vest, any increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of loss and comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of loss and comprehensive loss, unless they are related to the issuance of shares, in which case they are recorded as a reduction of share capital.

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black-Scholes Option Pricing Model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, the shares are issued from treasury and the amount reflected in reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3.6 Taxation

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in the statement of loss and comprehensive loss except to the extent that they relate to items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax is recognized on loss carry-forwards and tax credits, and on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and law that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Company records provisions for uncertain tax provisions if it is probable that the Company will make a payment on tax positions as a result of examinations by the tax authorities. These provisions are measured at the Company's best estimate of the amount expected to be paid. Provisions are reversed to income in the period in which management assesses that they are no longer required or determined by statute.

3.7 Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Cash, trade payables and due to related parties are recognized at amortized cost.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit and loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit and loss in the period in which they arise. Short term investments are recognized as FVTPL. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

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Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the credit risk of the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit and loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition of assets are recognized in profit and loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized at the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit and loss.

3.8 Flow-through shares

The Company, from time to time, issues flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through shares into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a premium reversal recorded in other income or a reduction to deferred tax expense. The Company also recognizes a deferred tax liability and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian resource property exploration expenditures, within the prescribed period. The portion of proceeds received but not yet expended at the end of the period is disclosed separately within restricted cash.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule, in accordance with Government of Canada income tax regulations. When applicable, this tax is accrued as an other expense until paid.

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

3.9 Decommissioning liabilities

An obligation to incur decommissioning costs arises when environmental disturbance is caused by the exploration or development of mineral property interest. These costs are discounted to their net present value and are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability, as soon as the obligation to incur such cost arises. The timing of the actual expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the Company operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through depreciation. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Estimated costs for decommissioning costs are adjusted as changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capital costs of the related assets, in which case the capitalized cost is reduced to zero and the difference is recognized in profit or loss. As at 31 October 2023 and 2022, the Company has \$Nil decommissioning liabilities.

3.10 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3.11 Loss per share

Basic loss per share is computed by dividing the net income applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings per common share is computed by dividing the net income applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. In the event of a loss, diluted loss per share is equal to basic loss per share as the additional equity instruments are anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

4. AMOUNTS RECEIVABLE

The Company's amounts receivable arises from Goods and Services Tax ("GST") receivable due from the government taxation authorities:

	31 October 2023	31 January 2023
GST receivable	\$ 2,941	\$ 7,489
Total amounts receivable	2,941	7,489

5. SHORT TERM INVESTMENTS

	31 October 2023		31 January 2023	
	Cost	Fair Value	Cost	Fair Value
Puma Exploration Inc. 374,500 shares (31 January 2023: 374,500 shares)	\$ 54,159	\$ 51,000	\$ 54,159	\$ 84,263
Canadian Copper Inc. 20,184 shares (31 January 2023: Nil)	-	2,320	-	-
Total short term investments	54,159	53,320	54,159	84,263

The Company received shares and warrants from Puma Exploration Inc. ("Puma") as option payments pursuant to the Murray Brook Asset Purchase Agreement dated 15 May 2017. On 31 July 2020, the Company received 1,100,000 shares and 500,000 warrants from Puma. The Company uses the Black-Scholes Option Pricing Model in estimating the fair value of the Puma warrants. The weighted average assumptions used for the calculation were:

During the year ended 31 January 2023, the 500,000 Puma warrants expired unexercised. The Company recorded a realized loss of \$89,765.

During the period ended 31 October 2023, the Company recorded an unrealized loss of \$20,140 (2022: \$7,490) related to the change in fair value of the short-term investments.

6. EXPLORATION AND EVALUATION PROPERTIES

Murray Brook Project

On 31 July 2020, the Company and Puma terminated the amended and restated asset purchase agreement and both parties agreed to execute the requirements for termination. Puma agreed to take all actions and do all things necessary to keep at all times the mining claims in good standing through 30 July 2021, including generating and filing sufficient work credits.

On 1 August 2020, the Company and Votorantim Metals Canada Inc. ("VM Canada") reverted to the agreement relating to the dilution of the Company's interest in the Properties dated 1 July

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

2015, whereby the parties agreed that the amounts owing by the Company to VM Canada will be satisfied in full by the dilution of the Company's interest in the Properties. During the period ended 31 October 2023, amounts of \$47,048 owing by the Company to VM Canada were satisfied in full by the dilution of the Company's interest in the Murray Brook Project from 28.33% to 27.95%.

On 11 September 2023, the Company and Canadian Copper Inc. (CCI) have entered a binding Letter of Intent dated 11 September 2023. CCI has the option to purchase all of MQM's 28.2% (as of February 2023) interest in and to the Murray Brook Mining Lease 252 and Claim Block 4925 situated in Restigouche and Northumberland counties, New Brunswick (collectively, the "Mining Asset"). CCI signed a definitive purchase agreement with Votorantim Metals Canada (VMC) on 2 August 2023 to acquire VMC's majority interest in Murray Brook.

Over the term of the agreement, MQM will receive up to \$2.3 million in cash, 2.5 million units of the Company's shares and a royalty of 0.33%. CCI will have the right to purchase half of the 0.33% royalty for \$1 million. A final instalment of \$1,000,000 will be paid to MetalQuest within 31 days of the initiation of commercial production. The Company already have an additional 0.67% of a royalty from an earlier transaction.

Lac Otelnuk Iron Ore Project

On 17 January 2023, the Company entered a property option and purchase agreement, amended, with 743584 Ontario Inc. to acquire 100% interest in 306 mining claims located in Nunavik, Quebec in exchange for \$44,355 in cash payment. All 306 claims are subject to a 2.5% royalty with option to buy-down 1.75% of royalty. During the year ended 31 January 2023, the Company made the required cash payment and has obtained 100% interest in the 306 mining claims.

7. TRADE PAYABLES AND ACCRUED LIABILITIES

The Company's trade payables and accrued liabilities are principally comprised of amounts outstanding for trade purchases relating to exploration and evaluation activities and amounts payable for general operations. These are broken down as follows:

	31 October 2023	31 January 2023
Trade payables	\$ 529	\$ 28,442
Accrued liabilities	-	11,000
Total	529	39,442

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

8. SHARE CAPITAL

8.1 Authorized share capital

The Company has authorized an unlimited number of common and preferred shares with no par value. As at 31 October 2023, the Company had 26,914,783 common shares outstanding (31 January 2023: 26,914,783) and no preferred shares outstanding.

During the year ended January 31, 2023, the Company completed a 2.5:1 share consolidation for its outstanding common shares. All figures in the financial statements reflect number of shares post-consolidation.

8.2 Shares issuances

During the period ended 31 October 2023, there were no issuance of shares.

8.3 Share purchase warrants

During the period ended 31 October 2023, there were no outstanding share purchase warrants.

8.4 Stock options

The Company has adopted a stock option plan (the “Plan”) whereby, the Company may grant stock options up to a maximum of 20% of the number of issued shares of the Company. The exercise price of any options granted under the plan will be determined by the Board of Directors (the “Board”), at its sole discretion, but shall not be less than the last closing price of the Company’s common shares on the day before the date on which the Board grants such options, less the maximum discount permitted under the policies of the TSXV.

The following is a summary of the changes in the Company’s stock option plan for period ended 31 October 2023 and the year ended 31 January 2023:

As at	31 October 2023		31 January 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	1,260,000	\$0.218	2,270,000	\$0.180
Granted	2,495,000	\$0.150	180,000	\$0.200
Expired	(580,000)	\$0.250	(1,010,000)	\$0.132
Forfeited	-	-	(180,000)	\$0.206
Outstanding, end of period	3,175,000	\$0.210	1,260,000	\$0.217
Exercisable, end of period	2,507,000	\$0.150	1,170,000	\$0.218

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

The following table summarizes information regarding stock options outstanding and exercisable as at 31 October 2023:

Grant date	Expiry date	Options outstanding (#)	Exercise Price (\$)	Weighted Average Life (years)	Options exercisable (#)
4 August 2020	4 August 2025	500,000	0.200	1.39	500,000
6 June 2022	6 June 2027	180,000	0.200	0.76	180,000
12 May 2023	12 May 2028	2,495,000	0.150	4.79	-
		3,175,000	0.210	2.65	1,200,000

The fair value of the 2,495,000 stock options granted during period ended 31 October 2023 was estimated at \$138,149. The fair value of the stock options granted during the period ended 31 October 2023 were estimated using the Black-Scholes Option Pricing Model using the following factors:

	31 October 2023
Risk free interest rate	3.39%
Expected life	5 years
Expected volatility	172.47%
Expected dividend per share	-
Expected forfeiture	-

9. SHARE-BASED PAYMENTS

Share-based payments for the following options granted by the Company was amortized over the vesting period.

Grant date	Fair value	Amount vested 31 October 2023	Amount vested 31 July 2022
12 May 2023	\$ 138,149	\$ 34,537	-
Total	138,149	34,537	-

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

10 LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

	Three months ended 31 October 2023	Three months ended 31 October 2022	Nine months ended 31 October 2023	Nine months ended 31 October 2022
Net loss for the period	\$ (7,323)	\$ (140,561)	\$ (291,558)	\$ (276,858)
Weighted average number of shares – basic and diluted	67,286,970	67,286,970	67,286,970	67,286,970
Loss per share, basic and diluted	\$ (0.000)	\$ (0.002)	\$ (0.011)	\$ (0.004)

The basic income per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted income per share reflects the potential dilution of common share equivalents, such as outstanding stock options, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and warrants were anti-dilutive for the periods ended 31 October 2023 and 2022.

11 CAPITAL RISK MANAGEMENT

The Company's objectives are to safeguard the Company's ability to continue as a going concern in order to support the Company's normal operating requirements and continue the exploration of its mineral properties.

The Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administration costs, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company is not subject to any externally imposed capital requirements. There were no significant changes in the Company's approach or the Company's objectives and policies for managing its capital.

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

12 FINANCIAL INSTRUMENTS

12.1 Categories of financial instruments

	As at 31 October 2023	As at 31 January 2023
FINANCIAL ASSETS	\$	\$
Amortized cost		
Cash	156,334	426,699
FVTPL		
Short term investments	53,320	84,263
Total financial assets	209,654	510,962
FINANCIAL LIABILITIES		
Amortized cost		
Trade payables	529	28,442
Due to related parties	38,322	28,132
Total financial liabilities	38,851	56,574

12.2 Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

As at 31 October 2023	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value				
Short term investments	53,320	-	-	53,320
Total financial assets at fair value	53,320	-	-	53,620

As at 31 January 2023	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value				
Short term investments	84,263	-	-	84,263
Total financial assets at fair value	84,263	-	-	84,263

There were no transfers between Level 1, 2 and 3 during the period ended 31 October 2023 and year ended 31 January 2023.

12.3 Management of financial risks

The financial risk arising from the Company's operations are credit risk, liquidity risk, interest rate risk, currency risk and commodity price risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern.

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions as determined by rating agencies. As a result, the Company is not subject to a significant credit risk. The Company does not consider any of its financial assets to be impaired.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they become due (Note 1.1). The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has no source of revenue and has obligations to meet its administrative overheads, maintain its mineral investments and to settle amounts payable to its creditors. As at 31 October 2023, the Company had a cash balance of \$156,334 (31 January 2023: \$426,699) and receivables of \$2,941 (31 January 2023: \$7,489) to settle current liabilities due in twelve months or less of \$38,851 (31 January 2023: \$67,574) and carry out its planned exploration program in the coming year. Management seeks additional financing through the issuance of equity instruments and liquidation of its marketable securities, either partial or in full, to continue its operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

Currency risk

For the period ended 31 October 2023, the Company's operations were solely in Canada. The Company considers its currency risk to be insignificant.

Other market risks

The Company is not subject to any other market risks, including interest rate risk and commodity price risk.

13 RELATED PARTY TRANSACTIONS

For the period ended 31 October 2023 and 2022, the Company had related party transactions with the following companies related by way of directors, management or shareholders in common:

- New Age Metals Inc., a company with management and certain directors in common with the Company. The Company pays shared office costs to New Age Metals Inc. on a month-to-month basis.
- 3846717 Canada Inc., a company owned by the CEO of the Company. 3846717 Canada Inc. provides management services on a five year term effective 1 June 2018 (Note 16).
- 873285 B.C. Ltd., a company owned by the Corporate Secretary of the Company. 873285 B.C. Ltd. provides consulting services on a month-to-month basis.

13.1 Related party expenses

The Company's related party expenses paid and/or accrued during the periods ended 31 October 2023 and 2022 are as follows:

	31 October 2023	31 October 2022
	\$	\$
Consulting fees	10,875	10,620
Shared office costs	14,157	11,309
Total related party expenses to New Age Metals Inc.	25,032	21,929
Consulting fees paid/accrued to CEO	90,000	90,000
Consulting fees paid to CFO	31,500	31,500
Consulting fees paid to Corporate Secretary	18,900	18,900
Total related party expenses	140,400	140,400

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

13.2 Due from/to related parties

The assets and liabilities of the Company include the following amounts due to/from related parties:

	31 October 2023	31 January 2023
	\$	\$
New Age Metals Inc.	17,325	9,021
Due to CEO	20,997	19,111
Total amount due to related parties	38,322	28,132

The amounts due to/from related parties are non-interest bearing, unsecured and due on demand.

13.3 Key management personnel compensation

The remuneration of directors and other members of key management were as follows:

	31 October 2023	31 October 2022
	\$	\$
Short-term benefits – management and consulting fees	140,400	140,400
Share-based payments (Note 10)	-	1,919
Total key management personnel compensation	140,400	142,319

14 COMMITMENTS and CONTINGENCIES

As at 31 October 2023, the Company had the following commitments and contingent liabilities:

- a) During the period ended 31 October 2023, the Company did not obtain a director's and officer's insurance policy. The Company currently self-insures and has established no reserves for insurance-related contingencies. Rather, the Company assesses each contingency, if any, as it arises to determine estimates of the degree of probability and range of possible settlement. Those contingencies which are deemed to be probable and where the amount of such settlement is reasonably estimable, are then accrued in the Company's financial statements. If only a range of loss can be determined, the best estimate within that range is accrued.

The assessment of contingencies is a highly subjective process that requires judgments regarding future events. Insurance contingencies are reviewed at least annually to determine the adequacy of the accruals and whether related financial statement disclosure is required. The ultimate settlement of insurance contingencies may differ materially from amounts accrued in the financial statements.

- b) The Company has indemnified the subscribers of flow-through shares of the Company issued in prior years against any tax related amounts that may be payable as a result of the Company not making eligible expenditures.

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

- c) The Company regularly assesses its income tax and related non income tax amounts and obligations and the related filing obligations in Canada. It is management's position that adequate provisions have been made in the financial statements related to such obligations. However, there exists uncertainty due to the fact that the Company could be assessed differently by tax and/or other regulatory authorities in a manner that is not consistent with management's expectation. This situation would result in management being required to adjust its provision for income taxes and related non income tax amounts in the period that such a situation occurs and such adjustments could be material.
- d) The Company's exploration and evaluation activities are subject to various Canadian federal and provincial laws and regulations governing the protection of the government. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.
- e) Effective 1 November 2016, the Company and New Age Metals Inc. entered into a consulting agreement with a company controlled by the corporate secretary for \$4,000 per month collectively. The Company's portion of the consulting fees was \$2,000 per month. Effective 1 February 2022, the monthly consulting fees was amended to \$4,700 per month collectively. The Company's portion of the consulting fees is \$2,100 per month.
- f) Effective 1 June 2018, the Company entered into a management agreement with 3846717 Canada Inc., a company owned by the CEO for \$10,000 per month to provide consulting and management services (Note 15).

15 SUBSEQUENT EVENT

12 December 2023, the Company signed an Exploration and Pre-Development Agreement with the Naskapi Nation of Kawawachikamach (the "Naskapi Nation") to continue to promote a mutually respectful relationship with First Nations concerning MQM's exploration programs on its claims within the Lac Otelnuke Iron Ore Project (the "Project"). The Naskapi Nation holds inherent Aboriginal rights and treaty rights to and over certain territory within the Company's Project and Naskapi exercises those rights and asserts certain rights and claims in respect of surface and subsurface rights.

- The objective of the agreement is to promote a cooperative and mutually respectful relationship concerning MQM's exploration and development programs on its flagship Lac Otelnuke Iron Ore Project.
- The agreement is supported by the Naskapi Nation as represented by its Chief and Council and by MQM as represented by its directors, management, and consultants.
- The Lac Otelnuke Iron Ore Project is a historic multi-billion-tonne resource with a Feasibility study completed in 2015. The Project is located in Nunavik, approximately 170km north of the town of Schefferville and 250km south of Kuujuaq, Québec, Canada.

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.)

(An Exploration Stage Company)

Notes to the Interim Financial Statements

For the nine months ended 31 October 2023

(Unaudited)

(Expressed in Canadian dollars)

- MQM owns 306 claims in the block, including the concentration of 75 claims in the middle that will cover the main resource.

16 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Company for the period ended 31 October 2023 were approved and authorized by the Board of Directors on 22 December 2023.



METALQUEST MINING INC.

(formerly EL NINO VENTURES INC.)

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED 31 OCTOBER 2023

22 December 2023

MetalQuest Mining Inc.

www.metalquestmining.com

The following management discussion and analysis (“MD&A”) should be read in conjunction with the audited financial statements and accompanying notes (“Financial Statements”) of MetalQuest Mining Inc. (formerly El Nino Ventures Inc.) (the “Company”) for the period ended 31 October 2023 and year ended 31 January 2023. Results have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All monetary amounts are reported in Canadian dollars unless otherwise indicated.

For further information on the Company reference should be made to the Company’s public filings which are available on SEDAR. Further information is also available on the Company’s website at www.metalquestmining.com.

This MD&A contains forward-looking information. See “Forward-Looking Information” and “Risks and

Uncertainties” for a discussion of the risks, uncertainties and assumptions relating to such information.

1. Overview of the Company

MetalQuest Mining Inc. (formerly El Nino Ventures Inc.) (the “Company”, “MQM”) was incorporated on 19 February 1988 under the laws of the Province of British Columbia, Canada. The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties in Canada. The Company has its registered corporate office based in Vancouver, British Columbia, Canada.

As at 31 October 2023, the Company had 26,914,783 common shares outstanding, with a total market capitalization of approximately \$1,884,034. The Company shares trade on the TSX Venture Exchange (“MQM”), OTCQB (“MQMIF”) and the Frankfurt Stock Exchange (“E7Q”).

The Company is focusing its efforts on developing and growing its asset base.

The Company is continuing to pursue acquisitions globally.

1.1 - Overview of Company’s Projects

Murray Brook Project

In January 2011, the company announced that it has provided notice to Votorantim Metals Canada Inc. (VMC) to enter into a Participation Agreement on the Murray Brook Massive Sulphide Polymetallic deposit situated in the Bathurst Mining Camp in New Brunswick, Canada.

The property is located approximately 60 km west of Bathurst, New Brunswick, in Restigouche County, within the BMC. An existing gravel road accesses the property from a paved highway. The electricity grid is nearby, as are communities with goods, services and skilled labour.

The Murray Brook deposit is a polymetallic, volcanic hosted massive-sulfide deposit and is the largest NI43-101 compliant mineral resources in the Bathurst Mining Camp.

On 25 October 2016, the Company executed an asset sale agreement with Puma Exploration (PUM:TSX-V) to relinquish its interest in the Murray Brook Zn-Pb-Cu-Ag Volcanogenic Massive Sulphide (“VMS”) deposit. The Murray Brook property consists of Mining Lease 252 and contiguous Mineral Claim Block 4925 (245 claims). MQM’s joint venture partner, VMC, on the Murray Brook Project has also optioned their total interest of the Murray Brook Project to Puma. On 31 July 2020, the Company and Puma terminated the asset sale agreement. On 1 August 2020, the Company and VMC reverted to the agreement relating to the dilution of the Company’s interest in the Properties dated 1 July 2015.

During the year ended 31 January 2023, amounts of \$47,048 owing by the Company to VMC were satisfied in full by the dilution of the Company’s interest in the Murray Brook Project from 28.33% to 27.95%.

On September 2023, MetalQuest signed a binding Letter of Intent (LoI) to sell its minority share of the Murray Brook Polymetallic Project, located in the Bathurst Mining Camp, New Brunswick. By mutual agreement both parties, MQM and Canadian Copper Inc. (CCI) have entered a binding Letter of Intent dated 11 September 2023. CCI has the option to purchase all of MQM’s 28.2% (as of February 2023) interest in and to the Murray Brook Mining Lease 252 and Claim Block 4925 situated in Restigouche and Northumberland counties, New Brunswick. CCI signed a definitive purchase agreement with VMC on August 2nd to acquire VMC’s majority interest in Murray Brook.

MetalQuest Mining Inc.

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Over the term of the agreement, MQM will receive up to \$2.3 million in cash, 2.5 million units of the Company's shares and a royalty of 0.33%. CCI will have the right to purchase half of the 0.33% royalty for \$1 million. A final instalment of \$1,000,000 will be paid to MQM within 31 days of the initiation of commercial production. MQM already have an additional 0.67% of a royalty from an earlier transaction. The sale of this asset will constitute a non-dilutive financing for the Company and still allow us to participate in the upside of this project through the ownership of CCI shares and our royalties." The sale is slated to close on or before January 31st 2024.

Terms of Binding Letter of Intent

- A non-refundable deposit of \$100,000 (the "Deposit") to be paid by CCI in favour of MQM credited to the Purchase Price
- An initial instalment of \$300,000 in cash to be paid by CCI to MQM on or before 30 January 2024. The \$100,000 deposit will be credited against the initial instalment of \$300,000 (received).
- A final instalment of \$1,000,000 within 31 days of the initiation of commercial production from a mine located on the Mining Asset.
- The issuance of 2,500,000 CCI units to MQM on or before 30 January 2024, subject to exchange approval and a hold period of four months and a day from the date of issuance after which, 25% of the total units shall be released to MQM every three months (a "quarter") resulting in 100% of the units being released to MQM after four (4) quarters from the conclusion of the initial hold period, each unit consisting of one common share priced using a 30-day VWAP ended on the date immediately prior to the signing of the APA ("deemed price") and one nontransferable warrant of CCI, with each warrant exercisable for five years from the date of issuance at an exercise price that is 150% of the deemed price
- CCI shall grant MQM a net smelter returns royalty ("NSR") of 0.33% on the Mining Asset, provided that 50% of such NSR may be repurchased by CCI at its sole discretion for \$1,000,000 at any time

Lac Otehluk Iron Ore Project

On 17 January 2023, the Company entered a property option and purchase agreement, amended, with 743584 Ontario Inc. to acquire 100% interest in 306 mining claims located in Nunavik, Quebec in exchange for \$44,355 in cash payment. All 306 claims are subject to a 2.5% royalty with option to buy-down 1.75% of royalty. During the period 31 October 2023, the Company made the required cash payment and has obtained 100% interest in the 306 mining claims.

29 August 2023, the Company has engaged Watts, Griffis and McOuat Ltd. ("WGM") to conduct a infrastructure report on the Lac Otehluk Iron Ore Project centered on 68°21'W and 56°00'N in the Province of Quebec. The recommended rail line links to give the Project access to tide water, interconnect potential mining beneficiaries, and international markets. WGM has been involved with the Lac Otehluk Project as one of the authors of the historical 2015 Feasibility Study. The aim is to produce a conceptual report detailing up to three rail lines connecting the project to potential port sites.

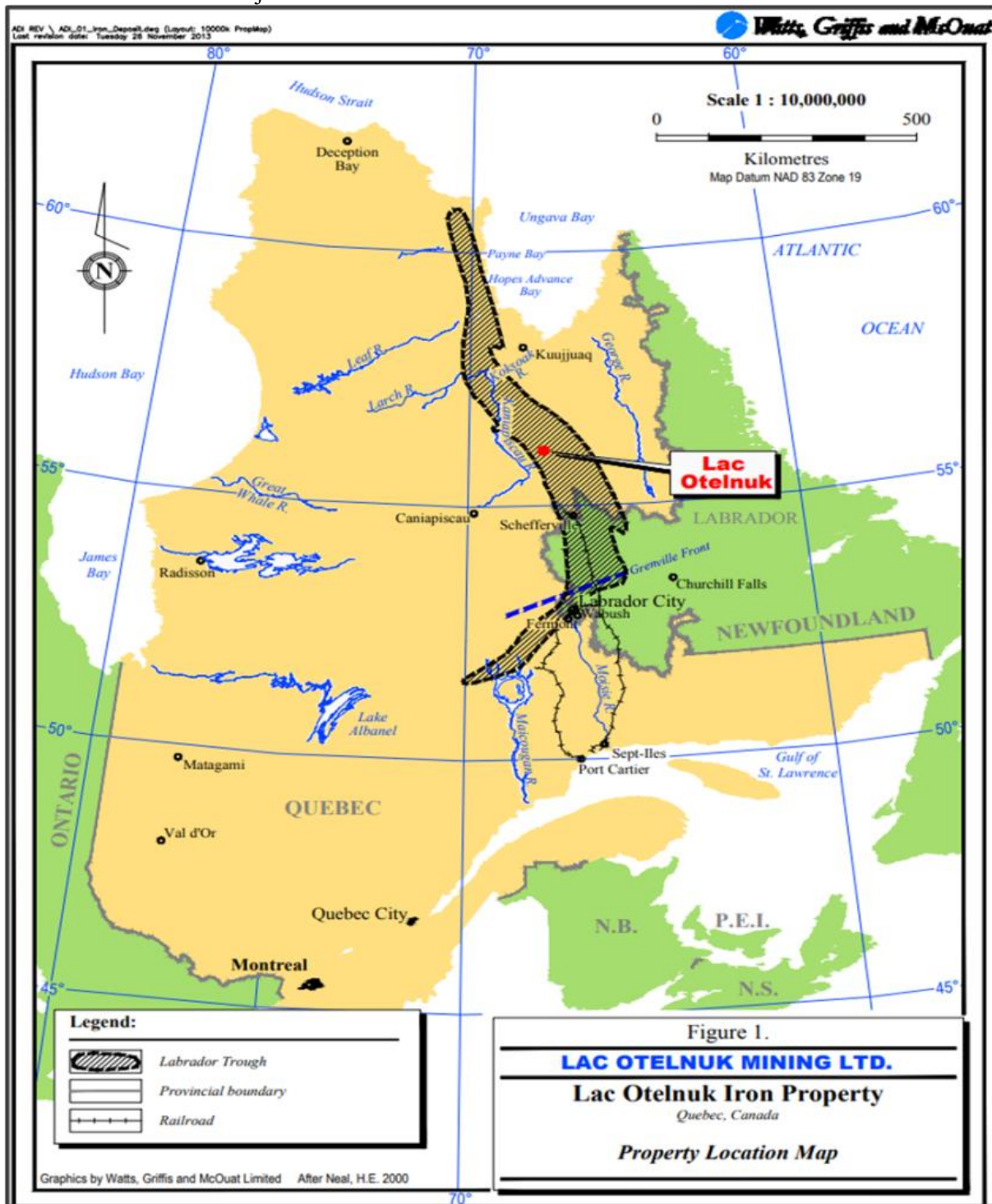
Proposed Conceptual Report for Rail Links, Lac Otehluk Iron Ore Project

The report will identify a very high-level estimated range of cost for each rail line and, if required, port extension. Further, WGM will on a best-efforts basis attempt to identify all mining companies and their contact information that would benefit from new or expanded rail capacity with the purpose being to collectively work at achieving improved infrastructures to the region. WGM's study will be based on geomorphology, topography, hydrography, and land occupational (physical access) only.

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There is extensive engineering, environmental, community consultation, and permitting required to actually plan and build a rail line which is beyond the scope of the study. WGM's work will be used primarily to promote Lac Otelnuq, consult with stakeholders in the rail lines, and seek to get rail access to support Lac Otelnuq. WGM is slated to complete the proposed report in the coming weeks. For a general review of the Project please see May 16th Press Release titled 'MetalQuest Mining Lac Otelnuq Iron Ore Project Overview'.



Map of Labrador Trough and Centered Otelnuq Mine Site with Historical Rail Lines in Quebec and Newfoundland Provinces.

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2. Going concern

Several conditions cast significant doubt on the validity of this assumption and ultimately the appropriateness of the use of accounting principles related to a going concern. From inception to date, the Company has incurred losses from operations, earned no revenues and has experienced negative cash flows from operating activities. As at 31 October 2023, the Company had cash and cash equivalents of \$156,334 (31 January 2023: \$426,699) and working capital of \$203,853 (31 January 2023: \$450,877). Existing funds on hand at 31 October 2023 will not be sufficient to support the Company's needs for cash to conduct exploration and to continue operations during the coming year. The Company will require additional funding to be able to meet ongoing requirements for general operations and to advance and retain mineral exploration and evaluation property interests. The ability of the Company to continue as a going concern is dependent on raising additional financing, retaining or attracting joint venture partners, developing its properties and/or generating profits from operations or the disposition of properties in the future.

Management has been successful in obtaining sufficient funding for operating, exploration and capital requirements from the inception of the Company to date. There is, however, no assurance that additional future funding will be available to the Company, or that it will be available on terms which are acceptable to the management of the Company.

If the Company is unable to raise additional capital in the immediate future, management expects that the Company will need to further curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures including ceasing operations.

3. Selected Annual and Quarterly Financial Information

Selected Annual Information

Unless otherwise noted, all currency amounts are stated in Canadian dollars. The following table summarizes selected financial data for MQM for each of the three most recently completed financial years. This information set forth below should be read in conjunction with the consolidated audited financial statements, prepared in accordance with IFRS, and related notes.

	Years Ended 31 January (audited)		
	2023	2022	2021
Total revenues	\$ -	\$ -	\$ -
General and administrative expenses	331,064	326,994	466,613
Mineral property cash costs received	-	-	-
Mineral property cash costs incurred	-	-	-
Loss before other items in total	(331,064)	(326,994)	(466,613)
Net loss	(478,868)	(122,166)	(412,013)
Net loss per share – Basic & fully diluted	(0.018)	(0.002)	(0.007)
Totals assets	594,564	1,020,218	841,604
Total liabilities	67,574	22,996	37,979
Cash dividends declared per share	Nil	Nil	Nil

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The following selected financial information is derived from the unaudited interim consolidated financial statements of the Company. The figures have been prepared in accordance with IFRS.

	For the Quarters Ended (unaudited)							
	31 Oct	31 Jul	30 Apr	31 Jan	31 Oct	31 Jul	30 Apr	31 Jan
	2023	2023	2023	2023	2022	2022	2022	2022
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net income (loss)	(7,323)	(95,654)	(188,581)	(202,010)	(140,561)	(66,150)	(70,147)	(146,034)
Net income (loss) per share	(0.000)	(0.004)	(0.007)	(0.008)	(0.005)	(0.002)	(0.003)	(0.005)
Total assets	308,818	279,112	389,102	594,564	733,425	869,287	947,904	1,020,218

Results of Operations

For the periods ended 31 October 2023 and 2022.

The period ended 31 October 2023, resulted in a net loss and comprehensive loss of \$291,558 which compares to \$276,858 for the same period in 2022. The increase in loss of \$147,938 was mainly attributable to the net effect of the following:

- Increase of \$11,791 in Accounting and audit. Cost of \$13,068 for the period ended 31 October 2023 compared to \$1,277 for the same period in 2022.
- Increase of \$274 in Bank charges and interest. Cost of \$357 for the period ended 31 October 2023 compared to \$83 for the same period in 2022.
- Increase of \$22,505 in Consulting fees. Cost of \$96,165 for the period ended 31 October 2023 compared to \$73,660 for the same period in 2022.
- Increase of \$151 in Information and technology. Cost of \$868 for the period ended 31 October 2023 compared to \$717 for the same period in 2022.
- Increase of \$74,702 in Marketing and communications. Cost of \$75,954 for the period ended 31 October 2023 compared to \$1,252 for the same period in 2022.
- Increase of \$3,502 in Office & miscellaneous. Cost of \$10,439 for the period ended 31 October 2023 compared to \$6,937 for the same period in 2022.
- Increase of \$1,453 in Rent. Cost of \$8,423 for the period ended 31 October 2023 compared to \$6,970 for the same period in 2022.
- Increase of \$30,219 in Share-based payments. Cost of \$34,537 for the period ended 31 October 2023 compared to \$4,318 for the same period in 2022.
- Increase of \$929 in Telephone and utilities. Cost of \$2,386 for the period ended 31 October 2023 compared to \$1,457 for the same period in 2022.
- Increase of \$23,221 in Transfer agent and regulatory fees. Cost of \$36,240 for the period ended 31 October 2023 compared to \$13,019 for the same period in 2022.
- Increase of \$5,620 in Travel, lodging and food. Cost of \$6,016 for the period ended 31 October

MetalQuest Mining Inc.

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2023 compared to \$396 for the same period in 2022.

- Increase of \$800 in Interest income. \$800 for the period ended 31 October 2023 compared to \$Nil for the same period in 2022.
- Increase of \$2,235 in Gain on sale of short-term investments. \$2,335 for the period ended 31 October 2023 compared to \$Nil for the same period in 2022.
- Decrease of \$56,632 in Unrealized loss on short-term investments. \$20,140 for the period ended 31 October 2023 compared to \$76,772 for the same period in 2022.
- Increase of \$100,000 in Recovery of exploration and evaluation properties. \$100,000 for the period ended 31 October 2023 compared to \$Nil for the same period in 2022.

4. Cash flow, Liquidity and Capital Resources

During the period ended 31 October 2023, the Company's working capital, defined as current assets less current liabilities, was \$203,853 (31 January 2023: \$450,877). The Company has a total 26,914,783 common shares issued and outstanding as at 31 October 2023.

Cash outflows in operating activities for the period ended 31 October 2023 were \$283,403 (2022: \$211,407) and consist of corporate costs.

Capital Risk Management

The Company's objectives are to safeguard the Company's ability to continue as a going concern in order to support the Company's normal operating requirements, continue the exploration of its mineral properties.

The Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administration costs, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company is not subject to any externally imposed capital requirements. There were no significant changes in the Company's approach or the Company's objectives and policies for managing its capital.

5. Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

6. Related Party Transactions

The related party transactions during the period ended 31 October 2023 and 2022, which occurred in the normal course of operations and were measured at the exchange amount (the amount of consideration established and agreed to by the related parties), were as follows:

MetalQuest Mining Inc.

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	31 October 2023	31 October 2022
Consulting fees	\$ 10,875	\$ 10,620
Shared office costs	14,157	11,309
Total related party expenses to New Age Metals Inc.	25,032	21,929
Consulting fees paid/accrued to CEO	90,000	90,000
Consulting fees paid to CFO	31,500	31,500
Consulting fees paid to Corporate Secretary	18,900	18,900
Total related party expenses	140,400	140,400

7. Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. 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.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the carrying value of exploration and evaluation properties, the valuation of all liability and equity instruments including warrants and stock options, the recoverability and measurement of deferred tax assets and liabilities and the ability to continue as a going concern. Actual results may differ from those estimates and judgments.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining the point at which a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop the property are capitalized into development assets. The determination may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of loss and comprehensive loss in the year when new information becomes available.

Determining whether to test for impairment of exploration and evaluation properties requires management's judgment regarding the following factors, among others: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is

not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration assets are unlikely to be recovered in full from successful development or by sale.

Decommissioning and restoration costs

Management is not aware of any material restoration, rehabilitation and environmental provisions as at 31 October 2023. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value and these estimates are updated annually. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the exploration and evaluation property. Such estimates are subject to change based on changes in laws, regulations and negotiations with regulatory authorities.

Impairment of financial assets

At each reporting date the Company assesses financial assets not carried at fair value through profit or loss to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that one or more events occurred during the period that negatively affected the estimated future cash flows of the financial asset.

Objective evidence that financial assets are impaired can include significant financial difficulty of the issuer or debtor, default or the disappearance of an active market for a security. If the Company determines that a financial asset is impaired, judgment is required in assessing the available information in regards to the amount of impairment; however the final outcome may be materially different than the amount recorded as a financial asset.

Share based payments

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in Note 3.6. The fair value of stock options is measured using the Black-Scholes Option Valuation Model. The fair value of stock options granted using valuation models is only an estimate of their potential value and requires the use of estimates and assumptions.

The Company allocates values to share capital and to warrants according to their fair value using the proportional method when two are issued together as a unit. The Company uses Black-Scholes valuation model to determine the fair value of warrants issued.

Deferred income taxes

Judgement is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that the cash flows and taxable income differ significantly from estimates, the ability of the Company to realized the net deferred tax assets recorded at the statement of financial

position date, if any, could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

Going concern

These financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions (Note 1.1).

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short term money market instruments with an original maturity of three months or less, which are readily convertible into a known amount of cash.

Foreign currencies

The Company's presentation currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency of the economic environment in which they operate.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of loss and comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Exploration and evaluation properties

Following the acquisition of a legal right to explore a property, all direct costs related to the acquisition of the property are deferred until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. Mineral property acquisition costs include cash consideration and the fair market value of common shares issued for mineral property interests based on the trading price of the shares.

On an ongoing basis, the Company evaluates each property based on results to date to determine the nature of exploration work that is warranted in the future. Indications of impairment may occur in the carrying value of mineral interests when one of the following conditions exists:

- i) The Company's work program on a property has significantly changed, so that previously identified resource targets or work programs are no longer being pursued;
- ii) Exploration results are not promising and no more work is being planned in the foreseeable future; or
- iii) The remaining lease terms are insufficient to conduct necessary studies or exploration work.

If there is an indication of impairment, the recoverable amount, which is the higher of the asset's fair value less costs to sell and value in use, of the asset is determined. When the carrying value of the property exceeds its recoverable amount the asset is written down accordingly. As a result, an impairment loss is recognized in the statement of loss and comprehensive loss.

The Company may occasionally enter into property option agreements, whereby the Company will transfer part of a mineral interest, as consideration for the incurring of certain exploration and evaluation expenditures by the optionee which would otherwise have been undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the property, with any excess cash accounted for as recovery of exploration and evaluation properties.

Proceeds received from the sale of any interest in a property are first credited against the carrying value of the property, with any excess included in the statement of loss and comprehensive loss for the period.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of loss and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted.

Where the terms and conditions of options are modified before they vest, any increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of loss and comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of loss and comprehensive loss, unless they are related to the issuance of shares, in which case they are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black-Scholes Option Pricing Model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, the shares are issued from treasury and the amount reflected in reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Taxation

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in the statement of loss and comprehensive loss except to the extent that they relate to items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax is recognized on loss carry-forwards and tax credits, and on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and law that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Company records provisions for uncertain tax provisions if it is probable that the Company will make a payment on tax positions as a result of examinations by the tax authorities. These provisions are measured at the Company's best estimate of the amount expected to be paid. Provisions are reversed to income in the period in which management assesses that they are no longer required or determined by statute.

8. Financial instruments

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Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Cash, trade payables and due to related parties are recognized at amortized cost.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit and loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit and loss in the period in which they arise. Short term investments are recognized as FVTPL. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company’s own credit risk will be recognized in other comprehensive income (loss).

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the credit risk of the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit and loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition of assets are recognized in profit and loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized at the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit and loss.

Flow-through shares

The Company, from time to time, issues flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through shares into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a premium reversal recorded in other income or a reduction to deferred tax expense. The Company also recognizes a deferred tax liability and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian resource property exploration expenditures, within the prescribed period. The portion of proceeds received but not yet expended at the end of the period is disclosed separately within restricted cash.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule, in accordance with Government of Canada income tax regulations. When applicable, this tax is accrued as an other expense until paid.

Decommissioning liabilities

An obligation to incur decommissioning costs arises when environmental disturbance is caused by the exploration or development of mineral property interest. These costs are discounted to their net present value and are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability, as soon as the obligation to incur such cost arises. The timing of the actual expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the Company operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through depreciation. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Estimated costs for decommissioning costs are adjusted as changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs

is greater than the unamortized capital costs of the related assets, in which case the capitalized cost is reduced to zero and the difference is recognized in profit or loss. As at 31 October 2023 and 2022, the Company has \$Nil decommissioning liabilities.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Loss per share

Basic loss per share is computed by dividing the net income applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings per common share is computed by dividing the net income applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. In the event of a loss, diluted loss per share is equal to basic loss per share as the additional equity instruments are anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

9. Disclosure of Outstanding Security Data

As at 31 October 2023, and the date of this MD&A, the Company had 26,914,783 common shares issued and outstanding.

During the year ended 31 January 2023, the Company completed a 2.5:1 share consolidation for its outstanding common shares. All figures in the financial statements reflect number of shares post-consolidation.

Stock Options

As at 31 October 2023, and the date of this MD&A, the Company had 3,175,000 issued and outstanding.

Share Purchase Warrants

As at 31 October 2023, and the date of this MD&A, the Company had nil common share purchase warrants outstanding.

10. Controls and Procedures

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial

statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this MD&A.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports, the integrity and reputation of senior accounting personnel, and candid discussion of those risks with the audit committee.

11. Qualified Person Statement

Technical sections of "Overview of Company's Projects of this report have been reviewed and approved for technical content by Ali Alizadeh, M.Sc. P.Geo, Senior Advisor for MQM and a Qualified Person under the provisions of NI 43-101.

12. Forward Looking Information

Forward-looking information is included in this MD&A, which involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Forward-looking information is identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions. Such information may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions.

Forward-looking information reflects current expectations of management regarding future events and operating performance as of the date of this MD&A. Such information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the following factors (as discussed under "Risks and Uncertainties"): industry; commodity prices; competition; foreign political risk; government laws; regulation and permitting; title to properties; estimates of mineral resources; cash flows and additional funding requirements; key management; possible dilution to present and prospective shareholders; material risk of dilution presented by large number of outstanding share purchase options and warrants; trading volume; volatility of share price; foreign currency risk; and, conflict of interest.

Although the forward-looking information contained in this MD&A is based upon what the Company's management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such information. Forward-looking information reflects management's current beliefs and is based on information currently available to the Company. Such information reflects current assumptions regarding future events and operating

performance including, without limitation, a strong global demand for mineral commodities, continued funding and continued strength in the industry in which the Company operates, and speaks only as of the date of this discussion. The forward-looking information is made as of the date of this MD&A.

13. Outlook

The Company is continually seeking new opportunities.

Even though current management has demonstrated its ability to raise funds in the past, with the current financial market conditions and global economic uncertainty, there can be no assurance it will be able to do so in the future. Although the Company has been successful in all of its Court actions, as with all disputes, there is no guarantee that the results from the appeals will be favorable towards the Company or that there will be further spurious acts. Because of these uncertainties, there is substantial doubt about the ability of the Company to continue as going concern. These financial results and discussion do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

14. Subsequent events

12 December 2023, the Company signed an Exploration and Pre-Development Agreement with the Naskapi Nation of Kawawachikamach (the “Naskapi Nation”) to continue to promote a mutually respectful relationship with First Nations concerning MQM’s exploration programs on its claims within the Lac Otelnuq Iron Ore Project (the “Project”). The Naskapi Nation holds inherent Aboriginal rights and treaty rights to and over certain territory within the Company’s Project and Naskapi exercises those rights and asserts certain rights and claims in respect of surface and subsurface rights.

- The objective of the agreement is to promote a cooperative and mutually respectful relationship concerning MQM’s exploration and development programs on its flagship Lac Otelnuq Iron Ore Project.
- The agreement is supported by the Naskapi Nation as represented by its Chief and Council and by MQM as represented by its directors, management, and consultants.
- The Lac Otelnuq Iron Ore Project is a historic multi-billion-tonne resource with a Feasibility study completed in 2015. The Project is located in Nunavik, approximately 170km north of the town of Schefferville and 250km south of Kuujuaq, Québec, Canada.
- MQM owns 306 claims in the block, including the concentration of 75 claims in the middle that will cover the main resource.

15. Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com or on the Company’s website at www.metalquestmining.com .

For more information, please contact:

MetalQuest Mining Inc.

www.metalquestmining.com

Mr. Harry Barr, Chairman & CEO
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TRADING SYMBOLS

TSX Venture Exchange: MQM

OTCQB: MQMif

Frankfurt Stock Exchange: E7Q

MetalQuest Mining Inc.

www.metalquestmining.com