Management Discussion & Analysis

For the Six Months Ended June 30, 2023

Introduction

This is Management's Discussion and Analysis ("MD&A") for Alaska Energy Metals Corporation (formerly Millrock Resources Inc.) ("Alaska Energy Metals" or the "Company") and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended June 30, 2023 and supporting notes on www.sedar.com. These condensed interim consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS").

Readers should note the following:

- This MD&A has been prepared based on information known to management as of August 28, 2023.
- All currency amounts are expressed in Canadian dollars unless otherwise noted.
- Gregory A. Beischer, a Director of the Company and its President and Chief Executive Officer, is the qualified person (as defined in NI 43-101) who approved the technical information in this MD&A.

Description of Business

Alaska Energy Metals is focused on the exploration and development of the Nikolai nickel – copper – cobalt – platinum group element project. Alaska Energy Metals trades on the TSX Venture Exchange under the symbol AEMC and is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Nunavut. The Company also trades on the OTCQB marketplace in the United States under the symbol AKEMF.

Forward Looking Statements

This document may contain "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements"). These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements.

Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and mineral resources, mineral exploration programs, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology.

By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of mineral resources; and other risks of the mineral exploration and mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Going Concern

The condensed interim consolidated financial statements for the period ended March 31, 2023 on www.sedar.com were prepared on the assumption that the Company will continue as a going concern, which contemplates that the Company will continue in operation for the next twelve months and that it will be able to realize its assets and meet its liabilities in the normal course of operations. Realization value may be substantially different from carrying value as shown and these condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values, classification of assets and liabilities should the Company be unable to continue as a going concern. As of June 30, 2023, the Company had not yet achieved profitable operations, and had an accumulated deficit of $50,266,641 (December 31, 2022 – $48,591,165). Management has carried out an assessment of the going concern assumption and has concluded that the Company may not have sufficient cash and cash equivalents and other financial assets to continue operating at current levels for the ensuing twelve months. The Company's forecast indicates the existence of uncertainty that raises significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability to raise additional equity, continue some of its existing partnerships, partner additional exploratory prospects, generate overhead recovery fees, and receipt of option payments.

Additional Information

Financial statements, MD&A documents and additional information relevant to the Company and the Company's activities can be found on SEDAR at www.SEDAR.com, and/or on the Company's website at http://www.millrockresources.com.

Highlights for the period from January 1, 2023 to August 28, 2023:

- Closed private placements for total gross proceeds of $12,109,180 (see liquidity section below).
- Purchased a historical dataset related to the Nikolai project that cost more than US$30 million to create by issuing 2,000,000 shares and paying $1,050,000.
- Exploration work on the Nikolai polymetallic project, which features nickel (Ni) primarily but also copper (Cu), cobalt (Co), chrome (Cr), iron (Fe), and precious metals.
- Resolution Minerals Limited ("Resolution") completed the necessary requirements to earn a 51% interest in the project and a joint venture was formed.
- Company changed its name to 'Alaska Energy Metals' and consolidated its outstanding common shares on 10:1 basis. Numbers in this MD&A have been adjusted to reflect the consolidation.

Outlook

Throughout the past several years the Company generated projects that attracted substantial funding from partner companies. The Company formed new earn in agreements on the 64North Project and the Fairbanks Project in Alaska. Both projects have had robust budgets and aggressive programs. Despite strong execution of the business model, investor interest declined as did the Company's share price. It was becoming difficult for the Company to continue to attract equity financing to continue as a Project Generator. After assessing all alternatives, Management and the Board of Directors determined that the best course of action was to change from the Project Generator model and focus strictly on exploration and development of the Nikolai nickel project. Investor interest in battery metals such as nickel is strong. The outlook for bringing in significant equity financing for exploration at Nikolai has been realized.

United States Properties

Nikolai Nickel Project

The Nikolai project is located 40 km northwest of the village of Paxson, on the southern flank of the Alaska Range. The claims are proximal to paved highways and a network of gravel roads and trails afford ready access to the Canwell claim block.

Two separate, adjacent claims blocks encompass the Nikolai project.

- The Eureka claim block consists of 104 State of Alaska mining claims (6,734 hectares) and is 100% owned by Alaska Energy Metals.

- The Canwell claim block consists of 42 State of Alaska mining claims (2,720 hectares), with an option to purchase 100% interest in the claims from the underlying owner.

In total, the project covers 94.54 km2 (9,454 hectares).

The Nikolai project hosts Ni-Cu-Co-Cr-PGE mineralization and was first explored by major nickel producer INCO Ltd in the late 1990s. Control of the project passed to Nevada Star Resources Ltd. ("Nevada Star"), which carried out exploration with Anglo American (Canada) Ltd from 2004 to 2006. At the time, the project had been renamed the MAN project. Subsequently, Nevada Star changed its name to Pure Nickel Inc., a TSX-V listed public company ("Pure Nickel"). Further exploration was conducted by Pure Nickel in a joint venture agreement funded by Japanese company ITOCHU from 2008 to 2013. All information generated by the explorers between 1995 and 2014 was retained in a comprehensive database by Pure Nickel, which subsequently sold the data to Alaska Critical Metals and has now been purchased by the Company. In total, it is estimated by Alaska Energy Metals that it cost the various companies more than US$30,000,000 to execute the exploration programs and generate the purchased information. Alaska Energy Metals estimates that the cost to replicate the data set would exceed US$40,000,000. During August 2023, the Company purchased the historical dataset by issuing 2,000,000 shares and paying $1,050,000.

The data, collected by various companies from 1995 to 2014, includes:

- Drill hole logs and assay information for all holes drilled by the various companies.
- Several types of airborne geophysical surveys, including:
  - o Frequency domain airborne EM o VTEM airborne
  - o ZTEM airborne
  - o SPECTREM o Magnetic Susceptibility o LiDAR with Digital Elevation Model
- Several types of ground geophysical surveys, including:
  - o MaxMin o PEM/TEM
  - o WalkMag
- Geological mapping
- Thousands of soil and rock samples with assays.

Alaska Energy Metals plans to begin using the purchased information immediately to refine drilling plans.

<u>Canwell Claim</u>

During the year ended December 31, 2022, the Company entered into an option agreement to earn a 100% ownership in the Canwell property, located in the Fairbanks Recording district, Alaska. To earn the interest, the Company must pay:

- Pay US$25,000 upon signing (paid);
- Issue 100,000 shares upon signing (issued with a fair value of $65,000);
- Pay US$25,000 by June 1, 2022 (paid);
- Pay US$75,000 by September 1, 2022 (paid);
- Issue 100,000 shares by September 1, 2022 (issued with a fair value of $40,000);
- Incur US$50,000 in exploration expenditures by September 1, 2022 (incurred);
- Pay US$100,000 by September 1, 2023;
- Issue 1,000,000 shares by September 1, 2023;
- Incur US$250,000 in exploration expenditures by September 1, 2023;
- Pay US$125,000 by September 1, 2024;
- Issue 1,000,000 shares by September 1, 2024;
- Incur US$1,000,000 in exploration expenditures by September 1, 2024;
- Pay US$150,000 by September 1, 2025;
- Issue 1,000,000 shares by September 1, 2025;
- Incur US$1,500,000 in exploration expenditures by September 1, 2025;
- Incur US$2,200,000 in exploration expenditures by September 1, 2026;

There is a 3% net smelter return (NSR) royalty, payable to the optionor, and the Company has the option to reduce the NSR royalty to 2% by paying US$2,000,000. The NSR royalty may be further reduced to 1% and 0% through additional cash payments of US$3,000,000 and US$4,000,000, respectively.

Apex El Nido, Alaska, United States, High Grade Vein Gold:
Alaska Energy Metals made an option agreement with the underlying owner. The option is being extended on a year to year basis. Alaska Energy Metals holding cost is US$1,000 per year and is required to make annual rental payments to the federal government. There are historical underground mine workings on the project from which approximately 25,000 ounces of gold was extracted. No drilling beneath the workings has ever been done. Quartz veins of the mesothermal variety locally contain high grade gold mineralization. The veins may extend below the workings.

Alaska Energy Metals will continue to search for an earn-in partner and alternatively will expend funds to do further exploration.

Coeur funded a soil sampling and mapping program which Alaska Energy Metals executed in summer 2021. The results show that the gold-bearing structure extends at least one kilometer to the north. Despite the good results, Coeur elected to terminate its option. There are an excellent series of drill targets established on the property and Alaska Energy Metals is seeking partners for the project.

64North Gold Project, Goodpaster Mining District, Alaska, United States, Gold:
Resolution executed a drilling program of 2,324 meters in five holes in 2022. The drilling targeted geochemical – geophysical anomalies at the Tourmaline Ridge prospect. Gold bearing quartz veins were intersected. Resolution paid Alaska Energy Metals US$100,000 and issued 10 million Resolution shares to the Company. Having met all the requirements of the option agreement, Resolution vested with a 51% interest. Resolution elected not to further sole-fund the project to earn a greater interest. A joint venture has been formed. Resolution has indicated it wants to sell their share of the project and has solicited offers. The Company has the right of first refusal to match any offer.

Chisna, Alaska, United States, Gold: Alaska Energy Metals purchased claim blocks from Corvus Gold in 2015. The claim blocks came with a large database of information that cost approximately $7 million to create. Upon review of the data Alaska Energy Metals has developed some strong targets for porphyry copper-gold mineralization. In 2021 a major mining company funded exploration work on the claims. The results were evaluated during late 2022 and improved the Grubstake prospect target. Efforts to find an earn-in partner will continue. Further exploration work is planned.

Fairbanks District, Alaska

In late 2020 the Company entered into an agreement whereby Felix Gold will have the right to secure a 100% ownership in the Treasure Creek, Ester Dome and Liberty Bell projects for 9,957,157 Felix Gold shares (received with a value of $2,246,336), US$210,000 in cash (received in 2021), and retained royalties. Each of the three projects is subject to a production royalty in favour of Alaska Energy Metals: Treasure Creek 2.0% Net Smelter Returns (“NSR”), Ester Dome 1.5% NSR and Liberty Bell 2.0% NSR.

Additionally, Alaska Energy Metals and Felix Gold entered a strategic alliance whereby other projects outside of the Treasure Creek and Ester Dome areas would be generated with funding from Felix. Alaska Energy Metals is entitled to a 1.0% NSR royalty on any project staked, and on claims secured from third parties. Felix Gold must fund a minimum of US$250,000 each year to extend the strategic alliance. Felix Gold and Alaska Energy Metals agreed to end the strategic alliance in 2022. Both companies are free to use information generated during the alliance period for their own purposes going forward.

Felix Gold funded, and Alaska Energy Metals executed, a major soil sampling program across Treasure Creek and the GST, Bank and Vault claims blocks in 2021. Strong anomalies were received from the NW Array and Eastgate prospects on the Treasure Creek project. Strong results are indicated on the DG block also, near the recent Freegold Ventures discovery at Golden Summit. Felix completed an aggressive drill program in the third quarter of 2022. 171 holes totaling more than 15,000 meters were drilled using a light reverse circulation drill rig. The Northwest Array prospect returned strong gold intersections over significant intervals, Felix has done more drilling in this quarter and reports similar results.

Grant Mine

During Q1 2021, the Company entered into an option agreement to earn a 100% interest in the Grant Mine near Fairbanks, Alaska. To earn the interest, the Company must pay $2,000,000 over six years. This property will form part of the larger Ester Dome exploration project, which is subject to an agreement between Alaska Energy Metals and partner Felix Gold. In the event that Felix Gold assumes the option rights and proceeds to make the purchase of the Grant Mine, Alaska Energy Metals will vest with a 1.5% Net Smelter Return royalty on gold production with an advanced minimum royalty provision. Felix Gold has assembled all historic data and calculated the grade and tonnage of gold known to be in the ground. Felix Gold has examined data from the former-producing Grant Mine upon which they have an option to purchase a 100% interest. As a result of the data analysis, Felix Gold has been able to calculate a gold resource that is compliant with the Australia Joint Ore Reserves Committee ("JORC") standards that govern such calculations in Australia (source: INDEPENDENT GEOLOGIST'S REPORTS ON FELIX GOLD LIMITED'S MINERAL EXPLORATION PROJECTS IN ALASKA, Prepared by Independent Geologist Mr. Ian Taylor of Mining Associates Pty Ltd., October 15, 2021).

The independent geologist's report is appended to the Felix Gold prospectus and reports the following:

- Inferred Mineral Resource estimate (JORC 2012) for Grant Mine of 5.8 million tonnes @ 1.95 grams per tonne gold for 364,000 ounces of contained gold including an underground resource of 136,000 ounces of gold grading 6.2 grams of gold per tonne.

- And also: Grant Mine Exploration Target (JORC 2012) of 5.6 million tonnes to 6.6 million tonnes at a grade of 1.9 grams per tonne gold to 2.1 grams per tonne gold for 338,000 to 545,000 ounces of gold (exclusive of the Mineral Resource).

Note: The NI43-101 standards are the standards to which Mill rock must adhere as a TSX Venture Exchange issuer, and the Australia JORC standards are those to which Felix Gold must comply as an Australian issuer. The JORC standards are robust, similar and parallel to the NI43-101 standards. JORC (2012) is defined as an 'acceptable foreign code' under NI43-101 reporting standards and the definition and classification of Mineral Resources are essentially the same as the NI43-101 Canadian Institute of Mining Definition standards. The Alaska Energy Metals qualified person has not independently verified the drill hole data, drill core, and estimation methodology as reported by Felix.

While Alaska Energy Metals has sold its option rights to the Grant Mine, in the event that Felix elects to drop the option (or the claims after its has exercised its option to earn 100%), it must offer to convey the property back to Alaska Energy Metals.

Mexico Properties

Alaska Energy Metals was in the final stages of finalizing a definitive agreement to sell its wholly owned subsidiary Recursos Millrock to a subsidiary of private Australia company Mines Discovery Fund. However, the agreement fell through after Mexico made unfavourable changes to its mining laws. The Company plans to terminate operations in Mexico and sell the projects it owns.

El Batamote, Mexico

During the year ended December 31, 2015, the Company acquired El Batamote, which is comprised of three concessions. Alaska Energy Metals holds a 100% interest subject to a 0.5% Net Smelter Returns royalty. As consideration, the Company issued shares with a value of $20,000. Additionally, Alaska Energy Metals reimbursed MX$115,000 in semester tax payments. In 2021 Alaska Energy Metals made an earn-in agreement with Mine Discovery Fund LatCopper. To earn a 100% interest

MDF or LatCopper will pay Alaska Energy Metals US$1 million and fund US$6 million in exploration work and pay US$250,000 in shares when a subsidiary, LatCopper, lists as a public company. The agreement has now fallen apart because of sudden unfavourable mining law changes.

El Picacho, Mexico

Alaska Energy Metals previously held an option on concessions that comprise the El Picacho gold project. Centerra Gold had funded exploration but then pulled out of the project. Alaska Energy Metals had allowed the option to lapse but reinstated the option agreement with the underlying owners. Alaska Energy Metals has assigned the option rights to Tocvan. If Tocvan exercises the option and becomes a 100% owner of the claims, Alaska Energy Metals will be granted a royalty with an advanced minimum royalty provision. The royalty would be 2.0% Net Smelter Returns and could be bought down to 1.0% for a payment of US$1.0 million. An advanced minimum royalty ("AMR") starting at US$25,000 would be payable. The AMR would double each year until production occurs. AMR payments would be deductible from production royalty payments. During the year ended December 31, 2022, the Company impaired the exploration and evaluation asset resulting in an impairment loss of $195,570.

Other Properties

The Company has several other very early stage properties in its portfolio. These properties are grouped together as "Other Properties" until such time as Alaska Energy Metals has adequately demonstrated mineral potential that warrants individual description, or until Alaska Energy Metals has made an agreement with another Company on the mineral rights. The Company regularly evaluates prospects on open ground and on the claims of others. The costs associated with these evaluations are written off annually if the work does not result in development of a project or claim holding by Alaska Energy Metals. Within the other properties section Alaska Energy Metals dropped certain claims and wrote off the corresponding capitalized costs

During the period ended June 30, 2023, the Mexican government voted in favor of changes to mining laws and regulations The Company is currently evaluating the impact.

Liquidity and Capital Resources

As of June 30, 2023, the Company has accumulated a deficit of $50,266,641 and has working capital of $667,143.

During the period from January 1, 2023 to August 28, 2023, the Company:

1) completed non-brokered private placements by issuing 9,318,500 shares for total proceeds of $2,609,180. The Company paid finders fees of $61,404, issued 407,110 finders shares (valued at $113,91) and granted 626,410 agent warrants (valued at $166,400, see below). Each agent warrant entitles the holder to purchase one share at a price of $0.28 for a period of 12 months from the date of issue. A due diligence fee of $30,000 was also paid.

2) closed a non-brokered private placement for 7,637,500 units at a price of $0.40 per unit for total proceeds of $3,055,000. Each unit consists of one common share and one-half warrant. Each full warrant is exercisable at $0.80 until August 4, 2025. The Company paid cash finders' fees totaling $63,240 and issued 158,100 finders warrants. Each finder's warrant is exercisable at a price of $0.60 until August 4, 2025.

3) closed a non-brokered private placement for 16,112,500 units at a price of $0.40 per unit for total proceeds of $6,445,000. Each unit consists of one common share and one-half warrant. Each full warrant is exercisable at $0.80 until July 25, 2023. The Company paid cash finders' fees totaling

$403,100 and issued 1,007,751 finders warrants. Each finder's warrant is exercisable at a price of $0.60 until July 25, 2025.

During the period ended June 30, 2023, the Company had:

i) Cash outflows from operating activities of $1,100,484 (2022 - $387,162).
ii) Cash outflows from investing activities of $379,182 (2022 - $189,619). The cash flows are a result of $945,526 spent on exploration and evaluation expenditures offset by $566,344 in cash received on the sale of marketable securities.
iii) Cash inflows from financing activities of $2,002,223 (2022 – $455,974). The cash inflows are a result of $2,609,180 received for private placements and $200,000 in loan proceeds received, less $91,404 in share issuance costs and $500,000 loan proceeds repaid.

Summary of Quarterly Results

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

	Three Months Ended			
	June 30, 2023	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**
Exploration and evaluation asset net additions (recovery)	$ 1,414,719	$ (106,801)	$ (67,126)	$ (1,151,717)
Overhead recovery fees & exploration revenue	1,938	5,189	(17,869)	68,479
Stock-based compensation	-	11,219	18,765	18,562
Net income (loss) before comprehensive income (loss)	(1,395,607)	(279,869)	(944,000)	1,210,520
Income (loss) per share (basic)	$ (0.07)	$ (0.01)	$ (0.06)	$ 0.01
Income (loss) per share (diluted)	$ (0.07)	$ (0.01)	$ (0.06)	$ 0.01

	Three Months Ended			
	June 30, 2022	**March 31, 2022**	**September 30, 2021**	**June 30, 2021**
Exploration and evaluation asset net additions	$ (1,151,717)	$ (1,151,717)	$ 495,383	$ 286,582
Overhead recovery fees & exploration revenue	102,682	73,735	150,540	158,075
Stock-based compensation	18,562	81,589	21,568	20,873
Net (loss) income before tax	(2,075,750)	106,217	(329,740)	(530,992)
Loss per share (basic)	$ 0.01	$ 0.01	$ (0.02)	$ (0.03)
Loss per share (diluted)	$ 0.01	$ 0.01	$ (0.02)	$ (0.03)

The net loss during the quarter ended June 30, 2023 was $1,395,607 (June 30, 2022 – $2,075,750). The difference was primarily a result of $425,010 promotion and investor relations and unrealized loss on sale of marketable securities of $607,868 in the current period.

The net loss during the quarter ended March 31, 2023 was $279,869 (March 31, 2022 – income of $106,217). The difference was primarily a result of $5,189 in revenue in the current period, and gain on sale of exploration and evaluation assets of $Nil (March 31, 2022 - $1,155,392).

The net loss during the quarter ended December 31, 2022 was $943,999 (December 31, 2021 - $561,273). The difference was primarily a result of a $320,103 gain on loan forgiveness offset by an increase in unrealized loss on marketable securities.

The net income during the quarter ended September 30, 2022 was $1,210,519 (September 30, 2021 - $329,740). The $1,540,259 decrease in loss from the prior year's comparative consisted primarily of a $1,200,000 gain on the sale of royalties and a $483,045 unrealized/realized gain on marketable securities (September 30, 2021 – loss of $227,059).

The net loss during the quarter ended June 30, 2022 was $2,075,750 (June 30, 2021 - $530,992). The $1,544,758 increase in loss from the prior year's comparative consisted primarily of a $1,471,335 unrealized loss on marketable securities due to market fluctuations.

Exploration and evaluation asset recovery during the quarter ended March 31, 2022 was a result of shares received from Felix for purchase of the Fairbanks District projects. Other quarterly fluctuations are detailed below.

The net loss during the quarter ended December 31, 2021 of $561,273 increased from net loss of $329,740 for the quarter ended September 30, 2021. The increase was primary due higher general and administrative expenses such as $359,570 of consulting, directors and salaries, $194,311 of accounting, audit and legal, and $81,196 of investor relations.

The net loss during the quarter ended September 30, 2021 of $329,740 decreased from net loss of $530,992 for the quarter ended June 30, 2021. The decrease in net loss was primarily due to $141,626 of overhead recovery fee, the gain on loan forgiveness of $321,692, and lower general and administrative expenses such as $74,473 of accounting, audit and legal, and $104,760 of consulting, directors and salaries.

Six Months Ended June 30, 2023 Compared to the Six Months Ended June 30, 2022

The Company's net loss before other comprehensive loss for the six months ended June 30, 2023 was $1,675,476 (2022 – $1,969,533). Significant fluctuations from the prior period comparative consisted of:

- Promotion and investor relations expense of $240,869 (2022 - $189,105). The increase was a result of the Company's efforts to increase market awareness during the current period.
- Stock based compensation expense of $11,219 (2022 - $100,151). The decrease was a result of fewer stock-options granted during the current period.
- Consulting, directors and salaries of $325,865 (2022 – $298,913). The increase was due to an increase in business activities in the current period.
- Unrealized loss on market securities of $468,382 (2022 – $1,886,986) due to the fluctuation in the fair value of various publicly traded shares during the comparative period.
- Accounting, audit and legal expenses of $219,616 (2022 - $148,676). The increase was due to an increase in professional services during the current period.

Three Months Ended June 30, 2023 Compared to the Three Months Ended June 30, 2022

The Company's net loss before other comprehensive loss for the three months ended June 30, 2023 was $1,395,607 (2022 – $2,075,750). Significant fluctuations from the prior period comparative consisted of:

- Promotion and investor relations expense of $197,010 (2022 - $27,110). The decrease was a result of the Company's efforts to increase market awareness during the current period.
- Unrealized loss on market securities of $607,868 (2022 – $1,471,335) due to the fluctuation in the fair value of various publicly traded shares during the comparative period.
- Accounting, audit and legal expenses of $164,738 (2022 - $54,407). The increase was due to an increase in professional services during the current period.

Public Relations, Investor Relations and Advisory Contracts

Final Edit Media & Public Relations Inc: Alaska Energy Metals Corporation is pleased to announce it has partnered with Final Edit Media & Public Relations Inc. ("Final Edit"), a boutique public relations and strategic communications advisory firm, to provide consulting services to the Company. Final Edit is a strategic communications firm that builds, enhances, protects, and maintains the reputations of companies across North America. Final Edit is highly specialized in the generation of credibility and trust through delivering communications strategies spanning earned, owned and paid media, in addition to content development and social strategy. Final Edit will be paid a fee of $10,000 per month for a one-year term.

Final Edit provides guidance to a range of companies across private and public industry sectors, which allows them to truly and authentically earn the trust of their stakeholders. For more information, please contact Sarah Mawji at sarah@finaleditpr.com.

Omni8 Communications Inc. of Vancouver, British Columbia ("Omni8") to provide certain digital marketing services to the Company and help develop its corporate international market awareness. The firm will be paid $10,000 per month for a one-year term. Omni8 are experts in branding, messaging, digital marketing, and content creation. Omni8's principals have spent over a combined 50 years working in the Canadian and International capital markets and digital marketing industry and possess the ability to combine the art of public company communications with the science of digital marketing. The services will include helping Alaska Energy Metals develop a corporate marketing strategy and provide marketing and public relations advisory services, help coordinate marketing, news flow and events, making introductions to Omni8's network of media contacts, internet and social media marketers and other such providers, as well as to assist with various other public relations efforts. For further information on Omni8 please visit www.omni8media.com.

Canid Capital Corporation ("Canid"). Canid is a consultancy firm specializing in capital markets strategies, sales, and communications. Their team comprises seasoned professionals with extensive experience in investor relations, financial analysis, and strategic marketing. Canid will disseminate information on behalf of Alaska Energy Metals to registered financial professionals in North America with the goal of increasing awareness. Canid will also provide relationship management and other strategic capital market advisory services. Canid has been engaged for an initial term of 12 months starting August 7, 2023. Canid will be paid a monthly fee of $7,000 per month for a one year term and will be granted 200,000 stock options.

Emerging Equities Inc.: Emerging Equities Inc., of Calgary, Alberta has been engaged to provide advisory services to the Company. Services will include: ongoing strategic advice, market assessment, financial advice, develop fund raising alternatives, introduce potential funding parties including syndicate members for a brokered private placement, review and prepare written materials. Emerging Equities will be paid $110,000 and be granted 300,000 stock options.

Commodity Partners Inc.: The Company has retained Commodity Partners of Vancouver, BC to provide capital markets advisory services, including: introducing the Company to prospective investors and counterparties to merger & acquisitions transactions, advising on capital structuring, investor presentation, preparation of financial modeling, strategic financing advice, alternatives evaluation and positioning of the Company. Additionally, advice will be provided on financial aspects of any financings, mergers, acquisitions, and any other such strategic transactions contemplated by the Company, and other customary investment banking services. Commodity Partners will be paid $9,000 per month and will be granted 300,000 stock options.

MMG Market Medium GmbH & Co. KG. ("MMG") is a service provider in the field of online marketing and investor relations services specializing in the European market and is based in Germany. MMG will create German-translated text materials, including text and display advertisements, advertorials with company-provided publicly disclosed information, and general information on the nickel and battery metals sector. The firm will create specialized and structured campaigns and ad groups, and optimize online advertising for detailed keyword research, and identify possible target groups of potential shareholders. MMG will coordinate third-party online advertisers and marketers corresponding to the online marketing targets. The contract has a term of six months starting on July 15, 2023 and MMG will be paid 150,000 euros (approximately $215,900) for their services, including the costs of third-party advertisers.

Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include officers and directors.

The Company incurred charges with key management personnel and companies with directors and officers in common as follows:

		Period ended June 30, 2023		Year ended December 31, 2022
Consulting, directors and salaries	$	213,168	$	459,690
Stock-based compensation		-		56,373
	$	213,168	$	516,063

During the period ended June 30, 2023, Nil stock options (Year ended December 31, 2022 – 1,300,000) were issued to officers and directors with an estimated fair value of $Nil (Year ended December 31, 2022 - $60,967) and recorded stock-based compensation of $Nil (Year ended December 31, 2022 - $56,373) relating to the portion vested throughout the year.

These charges were in the normal course of operations and were measured by the exchange amount which is the amount agreed upon by the transacting parties.

As of June 30, 2023, there was $191,990 (December 31, 2022 – $129,218) due to related parties for accrued directors' fees, deferred salary expenses and accounting fees. The majority of which was paid subsequent to June 30, 2023. These amounts are unsecured, do not bear interest and have no fixed terms of repayment.

Contingency

On June 3, 2021, a former property partner (the "Complainant") filed a Third-Party Complaint against the Company to enforce certain royalty interest in mining claims purportedly held by the Complainant. The hearing date for this case was recently re-set for the week of February 12, 2024.

The Company has made an assessment on the validity of the claims and, at this time, the probability and amounts of any potential loss resulting from such claims is not determinable and no amounts have been accrued for any potential liability resulting from this in these condensed interim consolidated financial statements.

The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The Company assesses our potential liability by analyzing our litigation and regulatory matters using available information. The Company develops our views on estimated losses in consultation with outside counsel handling our defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

Financial Instruments

a) Fair Value of Financial Instruments

The Company's financial instruments that are measured at fair market value on a recurring basis in periods subsequent to initial recognition and the fair value hierarchy used to measure them are presented in the table below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

b) Equity Price Risk

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity transaction decisions.

c) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and amounts receivable are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with large financial institutions. The Company manages its risk on amounts receivable by providing monthly reports to property partners and working to receive payments before additional months of expenditures are incurred.

d) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities, project cost advance received, lease liability current portion, due to related parties and loans payable are expected to be settled within 12 months of June 30, 2023.

e) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has cash and other working capital items of $334,772 (December 31, 2022 – $3,209) denominated in US dollars. A ten percent change in the exchange rate would result in a $33,477 (December 31, 2022– $321) impact to the Company's net loss and comprehensive loss. The Company has Mexican peso cash and other working capital items of $86,567 (December 31, 2022 – $87,614). A ten percent change in the exchange rate would result in a $8,657 (December 31, 2022 – $8,761) impact to the Company's net loss and comprehensive loss. The Company does not have a formal policy to manage risk; however, management actively monitors movement in foreign currency and forecasts foreign currency payments. Foreign exchange risk is mitigated by the offset of assets against liabilities.

f) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

g) Capital Management Risk

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to pursue the exploration and development of its mineral properties, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or bring in earn-in partners. Due to the Company's business, the Company regularly enters into earn-in agreements where funds are forwarded as part of the option-in agreement.

The Company presently derives most of the funding required for its exploration projects from other companies that are earning into the Company's projects. As the projects mature the Company will be dependent on the capital markets as its main source of operating capital and the Company's capital resources will be largely determined by the strength of the junior resource markets, the status of the Company's projects in relation to these markets and its ability to compete for investor support of its projects.

Other Risks and Uncertainties

i) Exploration and Development Risk

The Company's properties are in early exploration stages and are without a known body of commercial ore. Exploration for mineral resources involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. Discovery of mineral deposits is dependent upon a number of factors, not the least of which are the technical skills of the exploration personnel involved and the capital required for the programs. The cost of conducting mineral exploration programs may be substantial and the likelihood of success is difficult to assess. There is no assurance that the Company's mineral exploration activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that even if commercial quantities of ore are discovered that an ore body would be developed and brought into commercial production. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which are the particular attributes of the deposit such as size, grade and proximity to infrastructure, commodity prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Most of the above factors cannot be predicted and are beyond the control of the Company. The Company attempts to mitigate its exploration risk by maintaining a diversified portfolio that includes several metal commodity targets in a number of geologic and political environments. Management also balances exploration risks through earn-in option agreements with other companies.

Beyond exploration and development risk, management is faced with a number of other risk factors. The more significant ones include:

ii) Financial Markets

Presently, the Company strives to obtain the majority of its working capital from other companies that are funding exploration on Alaska Energy Metals projects in order to earn an interest in the mineral rights. However, the Company will be dependent on the equity markets as its main source of operating working capital and funding for any advanced exploration and development activities that may be needed on its projects. The Company's capital resources are largely determined by the strength of the resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. Consequently, there can be no assurance that equity financing will be available to the Company in the amount required at any time or for any period or if available, that it can be obtained on terms satisfactory to the Company.

iii) Metal Prices

The price of gold is affected by numerous factors including central bank sales, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, supply and demand, political, economic conditions and production levels. In addition, the price of gold has been volatile over short periods of time due to speculative activities. The price of other metals and mineral products that the Company may be exploring for, all have the same or similar price risk factors. The prevailing price of metals and speculation on future price of metals by the investing public can have strong impacts on the share prices of exploration companies like Alaska Energy Metals.

iv) Cash Flows

The Company currently has no revenue from its exploration operations. However, it does generate revenues from overhead recovery fees charged to third parties funding exploration for administration of project development work. If any of its exploration programs are successful and optionees of properties complete the agreed earn-in expenditures, the Company would have to provide its share of ongoing exploration and development costs in order to maintain its interest. Otherwise the Company's interest will normally reduce to a non-participating royalty interest as defined in the agreement. Additional capital would be required to put a property into commercial production. The sources of funds currently available to the Company are the sale of its, marketable securities, equity capital or the offering of an interest in its projects to another party.

v) Market Volatility for Marketable Securities

The Company's marketable securities consist of shares of exploration companies that are historically very volatile. There is no assurance that the Company will be able to recover the current fair market value of those shares. The Company also may not be able to sell the shares it holds in other companies in an illiquid market.

vi) Possible Dilution to Present and Prospective Shareholders

The Company's plan of operation, in part, contemplates the financing of its business by the issuance of securities and possibly incurring debt. Any transaction involving the issuance of previously authorized but unissued shares of common stock, or securities convertible into common stock, would result in dilution, possibly substantial, to present and prospective holders of common stock. The Company usually seeks earn-in option agreement partners to fund in whole or in part exploration projects. This dilutes the Company's interest in properties. This dilution is undertaken to spread or minimize the risk and to expose the Company to more exploration opportunities. However, it means that any increased market capitalization or profit that might result from a possible discovery would be shared with the option agreement partner. There is no guarantee that the Company can find a third party to enter an earn-in agreement for any property.

vii) Trading Volume

The relatively low trading volume of the Company's shares reduces the liquidity of an investment in its shares. Trading volumes fluctuate with market conditions and seasons. The Company attempts to reduce this risk by having multiple projects that are continually generating news and therefore investor interest and trading volume.

viii) Volatility of Share Price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries or discouraging exploration results, changes in financial results, and other factors could have a significant effect on share price.

ix) Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other exploration and mining companies, many of which have greater financial resources than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

x) Dependence on Management

The Company depends heavily on the business expertise of its management. There is risk to the Company's ability to execute its business plans if some or all of the current management team were to suddenly leave the Company or become incapable of performing their individual and collective responsibilities. The Company has mitigated the risk of its managers leaving for other companies through competitive compensation, cash bonuses and by providing options to purchase Alaska Energy Metals stock. Some of the senior managers hold substantial share positions in Alaska Energy Metals and are motivated to remain with the Company. The Company has also developed the necessary depth such that it can replace senior managers with more junior staff if necessary. Despite the mitigation measures the Company still depends heavily on its current management.

xi) Title Risk

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee a clear title. Property title may be subject to unregistered prior agreements and regulatory requirements. The Company is not aware of any disputed claims of title.

xii) Environmental

The Company's exploration and development activities are subject to extensive laws and regulations governing environment protection. The Company is also subject to various reclamation related conditions. Although the Company closely follows and believes it is operating in compliance with all applicable environmental regulations, there can be no assurance that all future requirements will be obtainable on reasonable terms. Failure to comply may result in enforcement actions causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures. Intense lobbying over environmental concerns by non-governmental organizations has caused some governments to cancel or restrict development of mining projects. Current publicized concern over climate change may lead to carbon taxes, requirements for carbon offset purchases or new regulation. The costs or likelihood of such potential issues to the Company cannot be estimated at this time.

xiii) Laws and Regulations

The Company's exploration activities are subject to extensive federal, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, Covid-19 regulations and practices, mine safety and other matters in all the jurisdictions in which it operates. These laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. The Company applies the expertise of its management, advisors, employees and contractors to ensure compliance with current laws.

Newly Adopted Accounting Policies and Accounting Policy Pronouncements

Please refer to the condensed interim consolidated financial statements for the period ended June 30, 2023 on www.sedar.com for newly adopted accounting policies and accounting policy pronouncements.

Disclosure of Outstanding Share Data

As at August 28, 2023, the Company had 51,092,744 common shares outstanding.

As at August 28, 2023, the Company has outstanding and exercisable share purchase options as follows:

Expiry Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price
September 30, 2024	145,500	145,500	$ 0.90
February 28, 2025	168,000	168,000	$ 1.35
November 23, 2025	149,000	149,000	$ 1.05
February 24, 2027	307,500	148,750	$ 0.65
July 7, 2028	1,700,000	1,700,000	$ 0.52
February 24, 2027	2,250,000	2,250,000	$ 0.46
	4,720,000	4,720,000	

As at August 28, 2023, the Company has outstanding and exercisable share purchase warrants as follows:

Expiry Date	Number of Warrants Outstanding	Exercise Price
May 30, 2024	626,410	$ 0.28
July 27, 2025	8,056,250	$ 0.80
July 27, 2025	1,007,750	$ 0.60
August 4, 2025	3,818,750	$ 0.80
August 4, 2025	158,100	$ 0.60
	13,668,260	

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Director & Chairman, Audit Committee

Corri Feige
Director

Dave Cross, CPA
Chief Financial Officer

Janice Davies
Corporate Secretary

LISTINGS

TSX Venture Exchange: **AEMC**
OTC Markets Group (OTCQB): **AKEMF**

CAPITALIZATION

(as at August 28, 2023)

Shares Authorized: Unlimited
Shares Issued: 51,092,744

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