

**PELTON MINERALS CORPORATION**  
**Management Discussion and Analysis**  
**Period Ended March 31, 2021**  
**Dated May 28, 2021**  
(Form 51-102F1)

*This Management Discussion and Analysis (“MD&A”) of Peloton Minerals Corporation (the “Company”) is provided for the purpose of reviewing the first quarter ended March 31, 2021 and comparing results to the previous period. The MD&A was prepared as of May 28, 2021 and should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and corresponding notes for the three months ended March 31, 2021 and 2020 as well as the audited consolidated financial statements for the year ended December 31, 2020. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards appropriate in the circumstances. All monetary amounts are expressed in United States dollars unless otherwise indicated.*

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com) and at the Company’s website located at [www.pelotonminerals.com](http://www.pelotonminerals.com).

### **DESCRIPTION OF THE BUSINESS**

The Company is a mineral exploration company focused on the acquisition and exploration of mineral resource properties, primarily in the states of Nevada and Montana, or Canada.

The Company is a reporting issuer in the Provinces of British Columbia and Ontario and its common shares trade on the Canadian Securities Exchange (“CSE”) under the symbol PMC, and on the OTC QB Market in the United States under the trading symbol PMCCF.

### **CORPORATE ACTIVITIES**

In January 2021 the Company announced it had received a drilling permit for the Independence Valley Project, Nevada from the US Bureau of Land Management and had posted the required reclamation bond. The Company also stated that it was also working toward permitting the Texas Canyon Project so that all three of the Company’s Nevada projects would be permitted for drilling.

In January/February 2021 the Company completed a 2,400-foot reverse circulation drilling program at its Golden Trail Project, Nevada. Samples were submitted for multi-element analysis and hyperspectral imaging and the Company is presently waiting for the final set of results.

### **OVERALL PERFORMANCE**

In summary, the Company’s financial condition has weakened during the three months ended March 31, 2021. Working capital changed from \$18,923 at December 31, 2020 to a deficiency of (\$342,852) at March 31, 2021. Working capital deficiency at March 31, 2020 was (\$251,384). The difference is mainly attributable to:

- a. Expenditures on mineral exploration activities during the period.

### **SUBSEQUENT EVENTS**

In May 2021, the Company closed a private placement in the amount of CDN\$200,100 for 2,668,000 units issued with an ascribed value of CDN\$0.075 per unit. Each unit consists of one common share and one common share purchase warrant exercisable for three years. Each warrant entitles the holder to purchase one common share at a price of CDN\$0.125.

## **RESULTS OF OPERATIONS and SUMMARY OF QUARTERLY RESULTS**

Total assets as at the end of March 31, 2021 were \$269,241 (March 31, 2020 - \$198,762) and consisted of cash \$167,264 (March 31, 2020 - \$110,663), HST receivable of \$10,296 (March 31, 2020 - \$3,897) prepaid expenses of \$13,167 (March 31, 2020 - \$12,393), equipment of \$47,669 (March 31, 2020-\$56,749) and reclamation bonds of \$30,845 (March 31, 2020-\$15,060).

Total current liabilities as at March 31, 2021 were \$533,579 (March 31, 2020 - \$378,337) consisting of trade payables and amounts due to directors and officers, plus \$100,000 for a convertible debenture Included in this amount is \$398,612 (December 31, 2020 - \$367,283) of amounts owing to directors of the Company for management and directors fees.

Long term financial liabilities consist of:

- i. Derivative liability for a convertible debenture of \$85,118 (March 31, 2020 - \$86,601; December 31, 2019 - \$130,024)
- ii. Derivative liability for warrants denominated in a foreign currency of \$864,390 (March 31, 2020 - \$499,389; December 31, 2020 - \$1,625,276).

Operating Revenues: The Company is a mineral exploration company and for the three months ended March 31, 2021 and March 31, 2020, the Company had no revenue. Raising capital through sales of its common shares funds the Company's exploration operations.

Expenses: Non-exploration and non-cash expenses for the three months ended March 31, 2021 were \$131,188, an increase of \$37,059 over the amount of non-exploration and non-cash expenses of \$94,121 for the three months ended March 31, 2020.

Exploration and claim maintenance expenses for the three months ended March 31, 2021 were \$224,704 compared to \$9,500 during the three months ended March 31, 2020.

Expenses and gains incurred during the three months ended March 31, 2021 compared to the three months ending March 31, 2020 consisted of:

- i. Office and administrative costs of \$116,191 (Q1 2020-\$79,513);
- ii. Professional Fees of \$14,997 (Q1 2020-\$14,616);
- iii. Loss on foreign exchange of \$3,220 (Q1 2020- gain \$24,923);
- iv. Depreciation \$2,270 (Q1 2020 - \$2,270);
- v. Gain on revaluation of foreign currency warrants of \$760,886 (Q1 2020-gain \$332,405);
- vi. Gain on Revaluation of derivative conversion liability \$44,906 (Q1 2020- gain \$38,499);
- vii. Accretion expense \$2,663 (Q1 2020-\$4,965).

Net earnings (loss): The Company had a net income of \$441,747 for the three months ended March 31, 2021 compared to a net income of \$284,963 over the three months ended March 31, 2020. A gain of \$760,886 on the re-evaluation foreign currency warrants and a gain of \$44,906 from revaluation of derivative liability contributed to the Company recording a net gain for the quarter.

There were considerable changes in some line items between the three months ended March 31, 2021 and March 31, 2020. The changes from revaluation of foreign currency warrants and the revaluation of derivative liability are book entries resulting from fluctuations in currency and stock price and can swing considerably from quarter to quarter. There is no effect on the company's cash position from these fluctuations.

## Summary of Quarterly Results

Description	Mar 31/21	Dec 31/20	Sept 30/20	June 30/20	Mar 31/20	Dec 31/19	Sept 30/19	June 30/19
	\$	\$	\$	\$	\$	\$	\$	\$
Sales/Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income/Loss	441,747	(628,715)	(754,367)	(149,761)	284,963	(43,985)	(375,129)	61,269
Net Income/Loss Per share – Basic & Diluted	0.004	(0.007)	(0.008)	(0.002)	0.003	(0.0005)	(0.005)	0.001

## LIQUIDITY

As at March 31, 2021, the Company had cash in the amount of \$167,264 (March 31, 2020-\$110,663) and current liabilities of \$533,579 (March 31, 2020 - \$378,337). As at March 31, 2021, the Company had working capital deficiency of \$342,852 (March 31, 2020 - \$251,384). Included in this amount is approximately \$398,612 (March 31, 2020 – \$317,663) of amounts owing to directors of the Company for management and directors fees. As a result, the Company has liquidity risk and is dependent on raising capital. The directors have agreed that all director fees that remain unpaid after two years be written-off at the end of each fiscal year of the Company, starting with the fiscal year ending December 31, 2013. In addition, the Company President and CEO instructed the Company to write-off CDN\$184,218 in un-paid and accrued management fees owed to him as of the year ended December 31, 2019. All base fees that remain unpaid to management after two years will be written-off at the end of each fiscal year of the Company, starting with the fiscal year ending December 31, 2020.

## CAPITAL RESOURCES

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

The Company is not in default of its obligations on any of its mineral properties at this time.

## OFF BALANCE SHEET ARRANGEMENTS

At May 28, 2021, the Company had no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

## TRANSACTIONS WITH RELATED PARTIES

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

Remuneration of Directors and key management of the Company during the period was as follows:

Management and director fees in the amount of \$91,448 were incurred in the quarter ended March 31, 2021. This amount was included in office and administrative costs in the consolidated statements of loss and comprehensive loss, however the amounts were accrued since the directors did not wish to divert the limited available funds from the advancement of the mineral projects.

### **PROPOSED TRANSACTIONS**

There are no transactions proposed at this time other than as disclosed herein.

### **ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES**

#### **Accounting Policies**

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Committee.

The significant accounting policies of the Company are summarized in Note 2 to the Company's financial statements for the year ended December 31, 2020.

#### **Critical Accounting Estimates**

The Critical Accounting Estimates of the Company are discussed in Note 2 to the Company's financial statements for the year ended December 31, 2020.

#### **Financial Instruments**

The Financial Instruments of the Company are discussed in Note 2 to the Company's financial statements for the year ended December 31, 2020.

### **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning the Company's: (a) capitalized or expensed exploration and development costs; (b) expensed research and development costs; (c) deferred development costs; (d) general and administrative expenses; and (e) any material costs, deferred or expenses, not already referred to in this MD&A is provided in the Company's Condensed Interim Consolidated Financial Statements and its Audited Consolidated Financial Statements for the year ended December 31, 2020, which can be accessed on SEDAR under the Company's profile page at [www.sedar.com](http://www.sedar.com).

### **DISCLOSURE OF OUTSTANDING SHARE DATA**

The Company's authorized share capital consists of unlimited common shares without par value.

Issued and outstanding: March 31, 2021 – 101,418,641

Issued and outstanding: May 28, 2021 – 104,086,618

Warrants outstanding: March 31, 2021 – 47,559,905

Warrants outstanding: May 28, 2021 – 48,777,905

The warrants expire between June 2021 and May 2024 and have a weighted average exercise price of CDN \$0.1198 per share.

Broker Warrants outstanding: March 31, 2021 – 160,000

Broker Warrants outstanding: May 28, 2021 – 373,440

The warrants expire between October 2023 and May 2024 and have a weighted average exercise price of CDN \$0.075 per share.

Options outstanding: March 31, 2021 – 9,800,000

Options outstanding: May 28, 2021 – 9,800,000

The options expire between February 2022 and December 2025 and have a weighted average exercise price of CDN\$0.1089 per share.

### **Dividend Policy**

No dividends have been paid on any shares of the Company since the date of its incorporation, and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.

### **Controls and Procedures**

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures, for the nature and size of the entity, are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, is made known to the Company's certifying officers. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that these controls and procedures are effective, for the nature and size of the entity, in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

### **Litigation**

The Company is not a party to any litigation.

### **COVID-19**

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. Although the COVID-19 outbreak has affected travel plans of Company management, it has not prevented the Company from raising funds, obtaining work permits or conducting exploration programs. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods.

## **Risks Associated with Exploration and Mining Operations**

The exploration of mineral properties involves a high degree of risk which cannot be avoided despite the experience, knowledge and careful evaluation of prospective properties by management. There can be no assurance commercial quantities of ore will be discovered on the Company's mineral properties. Even if such commercial quantities are subsequently discovered by the Company's exploration efforts, there can be no assurance such properties can be brought in to commercial production. Operations may be subject to disruption due to weather conditions, labour unrest or other causes beyond the control of the Company. Hazards such as unexpected formations, pressures, flooding, or other conditions over which the Company does not have control may be encountered and may adversely affect the Company's operations and financial results.

### **Environmental Risks**

Environmental legislation is continuing to evolve such as will require strict standards and enforcement, increased fines and penalties for non-compliance, more stringent assessment of proposed projects and a greater degree of corporate responsibility. There can be no assurance that current requirements and future changes to environmental legislation may not adversely affect the Company's operations.

### **Mineral Market**

The market for minerals is subject to factors beyond the Company's control, such as market price fluctuation, currency fluctuation and government regulation. The effect of such factors cannot be accurately calculated. The existence of any or all such factors may restrict the access to a market, if same exists, for the sale of commercial ore which may be discovered.

### **Funding Requirements**

In order to move forward with its exploration activities, the Company will require additional funding. There can be no guarantee that such funds will be available as and when required or, if available, be accessible on reasonable commercial terms.

### **Reliance on Management**

The Company anticipates that it will be heavily reliant upon the experience and expertise of management with respect to the further development of the mineral properties. The loss of any one of their services or their inability to devote the time required to effectively manage the affairs of the Company could materially adversely affect the Company.

### **Auditors, Transfer Agent and Registrar**

The auditors of the Company are RSM Canada LLP, of Toronto, Ontario. The Transfer Agent and Registrar for the Common Shares of the Company is TSX Trust Company in Toronto, Ontario.

**Forward Looking Statements**

Certain statements contained in this document constitute “forward-looking statements”. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “propose”, “anticipate”, “believe”, “forecast”, “estimate”, “expect” and similar expressions used by any of the Company’s management, are intended to identify forward-looking statements. Such statements reflect the Company’s internal projections, expectations, future growth, performance and business prospects and opportunities and are based on information currently available to the Company. Since they relate to the Company’s current views with respect to future events, they are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments except as required by law or by CSE policies.