

PELTON MINERALS CORPORATION
Management’s Discussion and Analysis
Period Ended June 30, 2022
Dated August 29, 2022
(Form 51-102F1)

This Management Discussion and Analysis (“MD&A”) of Peloton Minerals Corporation (the “Company”) is provided for the purpose of reviewing the three and six months ended June 30, 2022 and comparing results to the three and six months ended June 30, 2021. The MD&A was prepared as of August 29, 2022 and should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and corresponding notes for the three and six months ended June 30, 2022 and 2021 as well as the audited consolidated financial statements for the year ended December 31, 2021. 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 and at the Company’s website located at 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 gold and silver prospects in the US States of Nevada and Montana.

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 OTCQB Market in the United States under the trading symbol PMCCF.

CORPORATE ACTIVITIES

MINERAL EXPLORATION PROJECTS

First & Second Quarter:

During the first quarter, the company reported that substantial progress was being made on the Boulder Copper Porphyry Project near Butte, Montana (the “Boulder Property”) through subsidiary Celerity Mineral Corporation (“Celerity”).

The Boulder Property is located approximately 16 miles (26 km) north-northeast of Butte, Montana, home of the historic Butte mining district. The Boulder Property is also approximately 20 miles (32 km) south-southwest of the Montana Tunnels, another large-scale former base and precious metal producer. The Boulder Property is known to contain a large copper-molybdenum porphyry system within the Boulder Batholith and coeval Elkhorn Mountains Volcanics. The Butte, the Boulder Property and Montana Tunnels are all situated within a major magnetic low that occurs in the Boulder Batholith and along the axis of the Great Falls Tectonic Zone. Each property is further characterized by a more distinct magnetic low immediately to the SW of each.

Since acquiring the Boulder Property in August 2021, Celerity’s executive and technical team has worked to build the foundation to prepare and support Celerity’s plan for a) extensive geophysical work in 2022; b) a public listing in 2022; and c) a 50,000 to 80,000 feet drill program in 2023. Celerity has added key directors, executives, and advisors with the necessary technical and financial experience to execute this plan.

1). 2022 Geophysical Plan – Big Sky Geophysics of Bozeman, Montana was retained to conduct a thorough review and assessment of considerable historical geophysical data on the Boulder Property

including a Furgo DIGHEM and magnetic airborne geophysical survey, a Quantec Titan 24 IP survey and two detailed Matrix IP surveys. This review is expected to guide follow-on geophysical surveys planned for this summer.

2). 2022 Celerity Public Listing – A draft NI 43-101 report has been prepared in anticipation of Celerity plans to file a prospectus and seek a Canadian listing as its own self-funding public company later this year. The report will be finalized upon completion of geophysical surveys planned for this summer and will be made available on SEDAR and at <http://www.celeritymineral.com> or <http://www.pelotonminerals.com>. The appropriate legal counsel, auditors and transfer agent have been identified or retained.

3). 2023 Drill Program – An initial application for drilling has been prepared and filed with the US Forestry Service with drilling proposed to start in 2023 if approved. This application mirrors a permit previously issued to a prior operator that has lapsed.

Third Quarter:

On August 15, 2022 the Company announced that it had selected the Crone Geophysics DEEPEM geophysical system to survey portions of the Boulder Property as a means of prioritizing numerous drill targets within a large IP anomaly that in plan, is several thousand meters in diameter and is associated with a known mineralized Cu-Mo porphyry system based on limited drilling by Anaconda and Molycorp in the late 1960's and a junior company in the early 2000's. The survey was underway at the time of the announcement and will likely take until September, 2022 to complete.

On August 25, 2025 the Company and Celerity announced that a US\$600,000 payment due August 25, 2022 as part of the acquisition of the Boulder Porphyry Property, Montana ("Boulder Property") has been extended for up to three years.

Under an amended agreement between the Boulder Property vendors (the "Vendors") and Celerity, Celerity has agreed to pay the Vendors the US\$600,000 in three installments of US\$200,000 due on August 25, 2023 and August 25, 2024 and August 25, 2025. The Vendors may also elect to receive one or all of the payments in common share units of Celerity priced at CAD \$0.30 per unit, with each unit comprising one common share and one full warrant to purchase a second common share at an exercise price of CAD \$0.50 during the first year after Celerity begins trading and at an exercise price of \$0.75 during the second year after Celerity begins trading. The amended agreement stipulates that if the full US\$600,000 is not paid by August 25, 2023 a one-half (1/2) percent NSR shall be granted to the Vendors, or if the remaining balance is not paid by August 25, 2024 a further one-half (1/2) percent NSR shall be granted to the Vendors. If Celerity defaults on any of the minimum US\$200,000 payments the Boulder Property reverts back to the Vendors.

CORPORATE

The Company modified the expiry time of certain outstanding warrants of the Company held by previous private placement investors as follows:

- a. 733,529 warrants exercisable at a price of CDN\$0.15 until 5:00 pm on July 12, 2022 are now exercisable until 5:00 pm on July 12, 2024.

Corporate Activity Subsequent to the End of the Quarter

In August, 2022, the Company closed a private placement in the amount of CDN\$280,651.90 for 5,613,038 units with an ascribed value of CDN\$0.05 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\$0.10.

OVERALL PERFORMANCE

The Company's financial condition has changed over the six months ended June 30, 2022 with the working capital deficiency increasing from (\$324,540) at December 31, 2021 to (\$644,494) at June 30, 2022. The Company's financial condition has changed over the three months ended June 30, 2022, with the working capital deficiency increasing by \$141,716 from (\$502,778) at March 31, 2022 to (\$644,494) at June 30, 2022. The difference is mainly attributable to changes in the timing of financing activities.

SUBSEQUENT EVENTS

Refer to the Corporate Activities section above.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2022 (COMPARED WITH THREE MONTHS ENDED JUNE 30, 2021)

For the three months ended June 30, 2022 and June 30, 2021, the Company had no revenue.

Expenses incurred during the three months ended June 30, 2022 (compared to expenses incurred during the three months ended June 30, 2021) consisted of:

- i. Office and administrative costs of \$146,360 (2021 - \$127,588);
- ii. Professional Fees of \$10,529 (2021 - \$14,221);
- iii. Foreign exchange gain of \$14,465 (2021 Loss - \$6,532);
- iv. Depreciation of \$2,270 (2021 - \$2,270);
- v. Stock-based compensation of \$55,964 (2021 - Nil)
- vi. Gain on revaluation of foreign currency warrants of \$128,246 (2021 Loss - \$188,763);
- vii. Gain on revaluation of derivative liability of \$16,448 (2021 Loss - \$27,633); and
- viii. Fair value of warrants extended of \$4,830 (2020 - \$33,870).

There were considerable changes in some line items between the three months ended June 30, 2022 and June 30, 2021. The changes from revaluation of foreign currency warrants and derivative liability and the fair value of warrants extended 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. Expenses for stock-based compensation relate to the grant of stock options and have no effect on the company's cash position.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2022 (COMPARED WITH SIX MONTHS ENDED JUNE 30, 2021)

For the six months ended June 30, 2022 and June 30, 2021, the Company had no revenue. Exploration and claim maintenance expenses for the six months ended June 30, 2022 were \$29,640 compared to \$250,642 during the six months ended June 30, 2021. The larger expenditure in 2021 was due to an exploration drilling program conducted on the Company's Golden Trail Project.

Expenses incurred during the six months ended June 30, 2022 (compared to expenses incurred during the six months ended June 30, 2021) consisted of:

- i. Office and administrative costs of 274,632 (2021 - \$243,779);
- ii. Professional Fees of \$23,423 (2021 - \$29,218);
- iii. Foreign exchange Gain of \$7,741 (2021 Loss - \$9,752);
- iv. Depreciation of \$4,540 (2021 - \$4,540);
- v. Gain on revaluation of foreign currency warrants of \$168,129 (2021 - Gain of \$572,123);
- vi. Gain on revaluation of derivative liability of \$13,776 (2021 - Gain of \$17,273);
- vii. Accretion expense of \$Nil (2021 - \$2,663); and
- viii. Fair value of warrants extended of \$20,863 (2021 - \$33,870).

There were considerable changes in some line items between the six months ended June 30, 2022 and June 30, 2021. The changes from revaluation of foreign currency warrants and derivative liability and the

fair value of warrants extended 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. Expenses for stock-based compensation relate to the grant of stock options and have no effect on the company's cash position.

Total assets as at June 30, 2022 were \$127,250 (Dec. 31, 2021 - \$402,212) and consisted of cash \$11,317 (Dec. 31, 2021 - \$219,554), HST receivable of \$4,584 (Dec. 31, 2021 - \$13,600) prepaid expenses of \$30,713 (Dec. 31, 2021 - \$83,882), equipment \$36,319 (Dec. 31, 2021 - \$40,859) and reclamation bonds of \$44,317 (Dec. 31, 2021 - \$44,317).

Total current liabilities as at June 30, 2022 were \$691,108 (Dec. 31, 2021 - \$641,576) consisting primarily of trade payables and amounts due to directors and officers. Included in this amount is \$551,397 (December 31, 2021 - \$485,992) owing to directors of the Company for management and directors fees.

The Company's long-term financial liabilities are:

- i. Derivative liability for convertible debenture of \$55,078 (June 30, 2021 - \$112,751; Dec. 31, 2021 - \$68,854); and
- ii. Warrants denominated in a foreign currency of \$567,733 (June 30, 2021 - \$1,137,652; Dec. 31, 2021 - \$714,999).

The liabilities for foreign currency warrants and derivative liability are book entries and can change considerably from quarter to quarter. There is no effect on the Company's cash position.

The Company has no sales and has never earned revenues with the exception of non-material interest revenue. Raising capital through sales of its common shares funds the Company's exploration operations.

Summary of Quarterly Results

Description	June 30/22	Mar 31/22	Dec 31/21	Sept 30/21	June 30/21	Mar 31/21	Dec 31/20	Sept 30/20
	\$	\$	\$	\$	\$	\$	\$	\$
Sales/Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income/Loss	(60,086)	(159,330)	(154,312)	344,589	(426,815)	441,747	(628,715)	(754,367)
Net Income/Loss Per share – Basic & Diluted	(0.001)	(0.001)	(0.001)	0.003	(0.004)	0.004	(0.007)	(0.008)

LIQUIDITY

As at June 30, 2022, the Company had cash in the amount of \$11,317 (June 30, 2021 - \$174,119) and current liabilities of \$691,108 (June 30, 2021 - \$567,127). As at June 30, 2022, the Company had a working capital deficiency of \$644,494 (June 30, 2021 – deficiency \$381,105). Included in this amount is \$551,397 owing to directors of the Company for management and director 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. 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 August 29, 2022, 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 Officers, 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).

Management and director fees in the amount of \$174,957 were incurred in the period ended June 30, 2022. 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. The fair value of stock options granted to management and directors is \$40,601.

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 audited financial statements for the year ended December 31, 2021.

Critical Accounting Estimates

The Critical Accounting Estimates of the Company are discussed in Note 2 to the Company's audited financial statements for the year ended December 31, 2021.

Financial Instruments

The Financial Instruments of the Company are discussed in Note 2 to the Company's audited financial statements for the year ended December 31, 2021.

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, whether expensed or recognized as assets, 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, 2021, which can be accessed on SEDAR under the Company's profile page at 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: June 30, 2022 – 113,334,421;

Issued and outstanding: August 29, 2022 (date of this report) – 118,947,459

Warrants outstanding: June 30, 2022 – 42,391,743

Warrants outstanding: August 27, 2021 – 48,004,781

The warrants expire between August 2022 and August 2025 and have a weighted average exercise price of CDN \$0.1205 per share.

Broker Warrants outstanding: June 30, 2022 – 373,440

Broker Warrants outstanding: August 29, 2022 – 373,440

The warrants expire between October 2023 and May 2024.

Options outstanding: June 30, 2022 – 10,150,000

Options outstanding: August 29, 2022 – 9,550,000

The options expire between May 2023 and June 2027 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. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. 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. 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 into 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.