

PELTON MINERALS CORPORATION
Management's Discussion and Analysis
Period Ended June 30, 2021
Dated August 27, 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 three and six months ended June 30, 2021 and comparing results to the three and six months ended June 30, 2020. The MD&A was prepared as of August 27, 2021 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, 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 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

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. Also, in January/February 2021 the Company completed a 2,400-foot reverse circulation drilling program at its Golden Trail Project, Nevada.

In June 2021 the Company announced that drilling at its Golden Trail Project, NV has confirmed that a series of hydrothermal alteration anomalies identified at surface by airborne hyperspectral analyses extend to at least a vertical depth of 195 feet, with high temperature hydrothermal alteration minerals intersected in all of the drill holes as well anomalous gold, silver (average 0.98 g/t; range 0.08 to 8.52 g/t; 420 analyses) and pathfinder elements. The hydrothermal alteration appears to be within the hanging wall of north-west striking and north-east dipping faults mapped at surface. The next step will be to conduct two deep-penetrating geophysical programs to try to image the source of the mineralizing fluids and to plan a deeper drilling program in this area.

The RC drilling samples were subjected to multi-element analysis as well as hyperspectral imaging to classify the minerals and mineral mixtures. Most samples contained muscovite, illite, NH₄ illite, or white mica and were anomalous in gold, silver, and/or pathfinder elements (As, Cu, Sb, Pb, Sn, V, and Zn) to the depth of drilling. These minerals indicate relatively higher temperatures of epithermal hydrothermal fluids.

The series of surface hydrothermal anomalies was first identified by an airborne hyperspectral survey and followed up in the field using a portable spectrometer and parallels the north-west trend of a gradient change in a gravity anomaly. This drilling confirms the anomalies extend to depth and are not limited to

the surface, like a veneer. The hydrothermal alteration appears to be oriented to a series of north-west trending faults and the next step will be to conduct an Audio-frequency Magnetotellurics (AMT) geophysical imaging survey as well as an Induced Polarization (IP) geophysical survey to image the sub-surface structure and potentially image the source of the mineralizing fluids. This should enable effective planning of a deeper drill program.

Also, in June, 2021 the Company stated that it was actively pursuing the acquisition of an exploration stage copper porphyry project located in the United States that the Company believes has considerable potential.

In late June 2021 the Company announced that it had received a drilling permit for the Texas Canyon Project, Nevada from the US Bureau of Land Management and has posted the required reclamation bond. Texas Canyon is comprised of a 909-acre claim package located in Elko County, Nevada on the northeastern margin of the Long Canyon Gold Trend, about seven kilometers west of the Company's Golden Trail Project, and about 55 kilometers north of the Newmont-Barrick Long Canyon Joint Venture.

CORPORATE

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.

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

- a. 1,160,000 warrants exercisable at a price of CDN\$0.15 until 5:00 pm on July 17, 2021 are now exercisable until 5:00 pm on July 17, 2023.

Corporate Activity Subsequent to the End of the Quarter

In July, 2021, the Company closed a private placement in the amount of CDN\$122,500.00 for units to be 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. \$102,500 of the Private Placement was subject to a finder's fee payable to arms length parties. The finder's fee consisted of CDN\$5,125 in cash.

OVERALL PERFORMANCE

The Company's financial condition has changed over the six months ended June 30, 2021 with the working capital decreasing from \$18,923 at December 31, 2020 to (\$381,105) at June 30, 2021. The Company's financial condition has changed over the three months ended June 30, 2021, with the working capital deficiency increasing by \$38,253 from (\$342,852) at March 31, 2021 to (\$381,105) at June 30, 2021. The difference is mainly attributable to expenditures on mineral exploration activities.

SUBSEQUENT EVENTS

Refer to the Corporate Activities section above.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2021 (COMPARED WITH THREE MONTHS ENDED JUNE 30, 2020)

For the three months ended June 30, 2021 and June 30, 2020, the Company had no revenue. Exploration and claim maintenance expenses for the three months ended June 30, 2021 were \$25,938 compared to \$13,919 during the three months ended June 30, 2020.

Expenses incurred during the three months ended June 30, 2021 (compared to expenses incurred during the three months ended June 30, 2020) consisted of:

- i. Office and administrative costs of \$127,588 (2020 - \$90,679);
- ii. Professional Fees of \$14,221 (2020 - \$14,027);
- iii. Foreign exchange loss of \$6,532 (2020 Loss - \$10,005);
- iv. Depreciation of \$2,270 (2020 - \$2,270);
- v. Loss on revaluation of foreign currency warrants of \$188,763 (2020 Gain - \$67,214);
- vi. Loss on revaluation of derivative liability of \$27,633 (2020 Gain - \$12,683);
- vii. Accretion expense of \$Nil (2020 - \$5,292); and
- viii. Fair value of warrants extended of \$33,870 (2020 - \$93,466).

There were considerable changes in some line items between the three months ended June 30, 2021 and June 30, 2020. 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.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2021 **(COMPARED WITH SIX MONTHS ENDED JUNE 30, 20**

For the six months ended June 30, 2021 and June 30, 2020, the Company had no revenue. Exploration and claim maintenance expenses for the six months ended June 30, 2021 were \$250,642 compared to \$23,419 during the six months ended June 30, 2020. The increase was due to an exploration drilling program conducted on the Company's Golden Trail Project.

Expenses incurred during the six months ended June 30, 2021 (compared to expenses incurred during the six months ended June 30, 2020) consisted of:

- i. Office and administrative costs of 243,779 (2020 - \$170,192);
- ii. Professional Fees of \$29,218 (2020 - \$28,643);
- iii. Foreign exchange Loss of \$9,752 (2020 Gain - \$14,918);
- iv. Depreciation of \$4,540 (2020 - \$4,540);
- v. Gain on revaluation of foreign currency warrants of \$572,123 (2020 - Gain of \$399,619);
- vi. Gain on revaluation of derivative liability of \$17,273 (2020 - Gain of \$51,182);
- vii. Accretion expense of \$2,663 (2020 - \$10,257); and
- viii. Fair value of warrants extended of \$33,870 (2020 - \$93,466).

There were considerable changes in some line items between the six months ended June 30, 2021 and June 30, 2020. 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.

Total assets as at June 30, 2021 were \$274,355 (Dec. 31, 2020 - \$606,379) and consisted of cash \$174,119 (Dec. 31, 2020 - \$497,338), HST receivable of \$4,903 (Dec. 31, 2020 - \$8,955) prepaid expenses of \$7,000 (Dec. 31, 2020 - \$19,302), equipment \$45,399 (Dec. 31, 2020 - \$49,939) and reclamation bonds of \$42,934 (Dec. 31, 2020 - \$30,845).

Total current liabilities as at June 30, 2021 were \$567,127 (Dec. 31, 2020 - \$506,672) consisting primarily of trade payables and amounts due to directors and officers. Included in this amount is \$446,696 (December 31, 2020 - \$367,283) 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 \$112,751 (June 30, 2020 - \$73,918; Dec. 31, 2020 - \$130,024); and
- ii. Warrants denominated in a foreign currency of \$1,137,652 (June 30, 2020 - \$580,026; Dec. 31, 2020 - \$1,625,276).

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 30/21	Mar 31/21	Dec 31/20	Sept 30/20	June 30/20	Mar 31/20	Dec 31/19	Sept 30/19
	\$	\$	\$	\$	\$	\$	\$	\$
Sales/Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income/Loss	(426,815)	441,747	(628,715)	(754,367)	(149,761)	284,963	(43,985)	(375,129)
Net Income/Loss Per share – Basic & Diluted	(0.004)	0.004	(0.007)	(0.008)	(0.002)	0.003	(0.0005)	(0.005)

LIQUIDITY

As at June 30, 2021, the Company had cash in the amount of \$174,119 (June 30, 2020 - \$48,743) and current liabilities of \$567,127 (June 30, 2020 - \$376,054). As at June 30, 2021, the Company had a working capital deficiency of \$381,105 (June 30, 2020 – deficiency \$316,865). Included in this amount is \$446,696 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. 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. The 2019 year-end financials have now been filed on SEDAR reflecting this reduction which has been permanently forgiven. 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 27, 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 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 \$186,247 were incurred in the period ended June 30, 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 audited 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 audited 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 audited 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, 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, 2020, 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, 2021 – 104,086,641;

Issued and outstanding: August 27, 2021 (date of this report) – 105,719,975

Warrants outstanding: June 30, 2021 – 47,577,905
Warrants outstanding: August 27, 2021 – 43,334,418
The warrants expire between December 2021 and July 2024 and have a weighted average exercise price of CDN \$0.1233 per share.

Broker Warrants outstanding: June 30, 2021 – 373,440
Broker Warrants outstanding: August 27, 2021 – 373,440
The warrants expire between October 2023 and July 2024.

Options outstanding: June 30, 2021 – 9,800,000
Options outstanding: August 27, 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.

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.