

PELTON MINERALS CORPORATION
Management Discussion and Analysis
Period Ended March 31, 2024
Dated May 30, 2024
(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, 2024 and comparing results to the previous period. The MD&A was prepared as of May 30, 2024 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, 2024 and 2023 as well as the audited consolidated financial statements for the year ended December 31, 2023. 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.sedarplus.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, silver and copper prospects in the states of Nevada and Montana, USA.

Peloton’s exploration portfolio includes the North Elko Lithium Project (NELP) located immediately adjacent to the recent major lithium discovery by Surge Battery Metals Inc. in northeastern Nevada. The NELP now comprises the Company’s Golden Trail Project, a carlin style gold prospect; the Company’s Texas Canyon Project, a uranium, molybdenum and gold prospect; and newly staked claims between them. Peloton also holds the Independence Valley gold prospect in Elko County Nevada, a past producing gold project in Montana under option to a JV partner, and a non-controlling interest in the Boulder Copper Porphyry Project near Butte, 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 OTC QB Market in the United States under the trading symbol PMCCF.

COMPANY ACTIVITIES

In January 2024, the Company announced that it had significantly increased the size of the Noeth Elko Lithium Project to a total of 417 mineral claims covering 35 square kilometers (3,486 hectares or 8,615 acres) and that it had initiated the surface ground truthing of hyperspectral data over the project area.

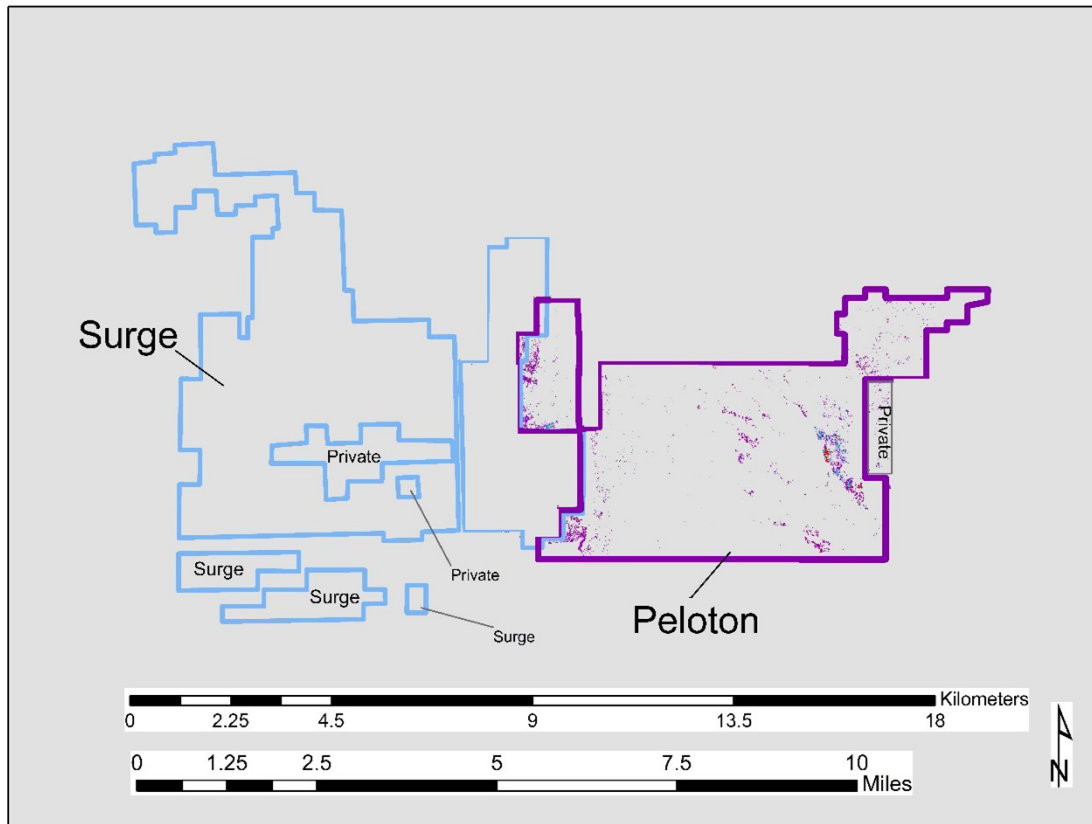
This 35 square kilometer ground position in northeastern Nevada is tied onto and immediately adjacent to Surge Battery Metals Inc. (“Surge”) who made a significant claystone lithium discovery in 2022 and advanced further in 2023. The Surge discovery was on claims next to Peloton claims that it has held for many years. The 417 claims now held by Peloton is comprised of 329 new claims and 88 previously held claims, and is collectively now called the North Elko Lithium Project (“NELP”)

Airborne hyperspectral data that the Company holds over the entire NELP project area was re-examined in 2023 for potential lithium bearing clays (smectite, hectorite, illite, others), and showed clay outcrops of interest across the NELP project area. Initial ground truthing of the airborne hyperspectral data occurred in late 2023 with surface hyperspectral sampling corroborating the airborne survey data. Twenty-two areas were selected from the airborne hyperspectral data for field examination and sampling by a handheld spectrometer. Twenty of the areas examined returned a spectral response indicating the presence of smectite, a lithium bearing clay mineral.

Smectite and illite clays are the predominant lithium bearing minerals at Thacker Pass within the McDermitt Caldera in western Nevada which is the largest known measured and indicated lithium resource in the United States. Thacker Pass is about 200 kilometers west of the NELP.

The map below shows the outline of claims held by Peloton and Surge, along with hyperspectral data over Peloton's claim block showing clay outcrops across the project area.

The Company is planning an extensive exploration program this summer including surface spectrometer prospecting, soil geochemical sampling across the entire NELP area, airborne geophysics, additional drill permitting, and packsack drilling. IBK Capital of Toronto is leading a financing for this purpose.



OVERALL PERFORMANCE

In summary, the Company's financial condition has changed during the three months ended March 31, 2024. Working capital deficiency changed from \$929,929 at December 31, 2023 to a deficiency of \$2,673,534 at March 31, 2024. Working capital deficiency at March 31, 2023 was \$847,389. The change over the three-month period is mainly due to \$1,577,367 in derivative liability for foreign currency warrants being changed from long-term liability, as a result of amendments to IAS 1, Presentation of Financial Statements to clarify the classification of liabilities as current or non-current. The amendments were adopted by the Company on January 1, 2024. The adoption of the amendments resulted in Derivative liability – foreign currency warrants being reclassified as current liability on the interim statement of financial position.

RESULTS OF OPERATIONS and SUMMARY OF QUARTERLY RESULTS

Total assets as at the end of March 31, 2024 were \$1,561,144 (March 31, 2023 - \$140,142) and consisted of cash \$5,248 (March 31, 2023 - \$51,201), HST receivable of \$6,009 (March 31, 2023 - \$2,208) prepaid expenses of \$13,392 (March 31, 2023 - \$12,522), equipment of \$20,430 (March 31, 2023-\$29,510) and reclamation bonds of \$44,701 (March 31, 2023-\$44,701).

Total current liabilities (see "Overall Performance" above for reclassification of derivative liabilities) as at March 31, 2024 were \$2,698,183 (March 31, 2023 - \$913,320) consisting of trade payables and amounts due to directors and officers, plus \$100,000 for a convertible debenture and \$132,760 for loans payable. Included in this amount is \$765,866 (December 31, 2023 - \$698,678) 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 \$127,051 (March 31, 2023 - \$147,745; December 31, 2023 - \$167,078)
- ii. Derivative liability for warrants denominated in a foreign currency – now classed as current liability (March 31, 2023 - \$1,532,732; December 31, 2023 - \$1,2,531,451)
- iii. Deposit for shares to be issued of \$9,010 (March 31, 2023 – \$93,396).

Operating Revenues: The Company is a mineral exploration company and for the three months ended March 31, 2024 and March 31, 2023, the Company had no revenue. Raising capital through sales of its common shares funds the Company's exploration operations.

Expenses: Non-exploration cash expenses for the three months ended March 31, 2024 were \$122,020, an increase of \$1,538 over the amount of non-exploration and cash expenses of \$120,482 for the three months ended March 31, 2023.

Exploration and claim maintenance expenses for the three months ended March 31, 2024 were \$68,339 compared to \$96,772 during the three months ended March 31, 2023.

Expenses and gains incurred during the three months ended March 31, 2024 compared to the three months ending March 31, 2023 consisted of:

- i. Office and administrative costs of \$105,664 (Q1 2023-\$110,144);
- ii. Professional Fees of \$16,356 (Q1 2023-\$10,338);
- iii. Gain on foreign exchange of \$18,788 (Q1 2023- gain \$21,849);
- iv. Depreciation \$2,270 (Q1 2023 - \$2,270);
- v. Gain on revaluation of foreign currency warrants of \$954,048 (Q1 2023-gain \$188,695);
- vi. Gain on Revaluation of derivative conversion liability \$40,027 (Q1 2023- loss \$9,5932);
- vii. Loss on fair value adjustment of investment \$38,747.

Net earnings (loss): The Company had income of \$781,523 for the three months ended March 31, 2024 compared to a net loss of \$62,271 over the three months ended March 31, 2023. Changes in the re-evaluation of foreign currency warrants and revaluation of derivative liability contributed to the Company recording a gain for the quarter.

There were considerable changes in some line items between the three months ended March 31, 2024 and March 31, 2023. 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. The reclassification of derivative liabilities is the result of changes to accounting policies. There is no effect on the company's cash position from these fluctuations.

Summary of Quarterly Results

Description	Mar 31/24	Dec. 31/23	Sept 30/23	June 30/23	Mar 31/23	Dec 31/22	Sept 30/22	June 30/22
	\$	\$	\$	\$	\$	\$	\$	\$
Sales/Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income/Loss	781,523	343,438	(692,023)	(226,927)	(62,271)	(1,723,426)	(194,221)	(60,086)
Net Income/Loss Per share – Basic & Diluted	0.006	0.003	(0.006)	(0.002)	(0.001)	(0.014)	(0.002)	(0.001)

SUBSEQUENT EVENTS

Grant of options

On April 2, 2024, the Company granted a total of 2,100,000 incentive stock options to consultants of the Company. These options are exercisable over three years at an exercise price of \$0.09 CDN.

Warrants extension

On April 10, 2024, the Company modified the expiry time of 2,668,000 outstanding warrants of the Company held by previous private placement investors. The warrants were exercisable at a price of \$0.125 CDN until 5:00 pm on May 4, 2024 and are now exercisable until 5:00 pm on May 4, 2026.

On April 18, 2024, the Company modified the expiry time of 213,440 outstanding warrants of the Company held by previous private placement investors. The warrants were exercisable at a price of \$0.125 CDN until 5:00 pm on May 4, 2024 and are now exercisable until 5:00 pm on May 4, 2026.

On May 1, 2024, the Company modified the expiry time of 1,633,334 outstanding warrants of the Company held by previous private placement investors. The warrants were exercisable at a price of \$0.125 CDN until 5:00 pm on July 12, 2024 and are now exercisable until 5:00 pm on July 12, 2026.

Private placement

On May 24, 2023, the Company announced that it intends to close a private placement for proceeds of a minimum of \$600,000 CDN for units to be issued for an ascribed value of \$0.09 CDN per unit. Each unit consists of one common share and one common share warrant exercisable for three years. Each warrant entitles the holder to purchase one common share at a price of \$0.12 CDN.

LIQUIDITY

As at March 31, 2024, the Company had cash in the amount of \$5,248 (March 31, 2023-\$51,201) and current liabilities of \$2,698,183 (March 31, 2023 - \$913,320). As at March 31, 2024, the Company had working capital deficiency of \$2,673,534 (March 31, 2023 - \$847,389). Included in this amount is approximately \$765,866 (March 31, 2023 – \$629,869) 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. Directors fees that remain unpaid after two years have been written-off at the end of each fiscal year of the Corporation, 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 May 30, 2024, 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 \$81,833 were incurred in the quarter ended March 31, 2023. 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, 2023.

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, 2023.

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements to clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and is unaffected by expectations about whether or not an entity will exercise their right to defer settlement of a liability. The amendments further clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments were adopted by the Company on January 1, 2024. The adoption of the amendments resulted in Derivative liability – foreign currency warrants being reclassified as current liability on the interim statement of financial position.

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, 2024.

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 for the three months ended March 31, 2024 and its Audited Consolidated Financial Statements for the year ended December 31, 2023, which can be accessed on SEDAR under the Company’s profile page at www.sedarplus.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, 2024 – 125,023,958;

Issued and outstanding: May 30, 2024 (date of this report) – 125,237,398

Warrants outstanding: March 31, 2024 – 45,731,431

Warrants outstanding: May 30, 2024 – 45,944,871

The warrants expire between July 2024 and December 2026 and have a weighted average exercise price of CDN \$0.1204 per share.

Broker Warrants outstanding: December 31, 2023 – 405,890

Broker Warrants outstanding: May 30, 2024 – 192,450

The broker warrants expire December 2028 and have a weighted average exercise price of CDN \$0.09 per share.

Options outstanding: December 31, 2023 – 9,550,000

Options outstanding: May 30, 2024 – 11,100,000

The options expire between June 2024 and November 2028 and have a weighted average exercise price of CDN \$0.1065 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 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.