MONTEREY MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED December 31, 2018

The following Management Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Monterey Minerals Inc. (hereinafter "Monterey" or the "Company") for the year ended December 31, 2018. The MD&A should be read in conjunction with the audited consolidated financial statements and MD&A for the year ended December 31, 2018. The MD&A has been prepared effective April 17, 2019.

On June 26, 2018, Monterey Minerals Inc. ("Former Monterey") and Landsdown Holdings Ltd. ("Landsdown") entered into a Share Exchange Agreement (the "SEA") that resulted in the Landsdown shareholders acquiring control of the Company, after which the Company effected a change in directors, management and business.

Former Monterey acquired Landsdown through a reverse acquisition transaction. Under the terms of the SEA, Former Monterey acquired all of the issued and outstanding common shares of Landsdown based on one share of the Company for each share of Landsdown. Landsdown is engaged in the business of mineral property exploration and was incorporated pursuant under the laws of British Columbia, Canada on August 9, 2015. Landsdown is deemed to be the continuing entity for financial reporting purposes and therefore its historical operations, assets and liabilities are included as the comparative figures as at December 31, 2018.

SCOPE OF ANALYSIS

The following is a discussion and analysis of Monterey Minerals Inc. The Company reports its financial results in Canadian dollars and in accordance with *IAS 34 – Interim Financial Reporting* as issued by the International Accounting Standards Board. All reported interim financial information includes the financial results of Monterey and its subsidiaries.

FORWARD LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks Factors section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company may not provide updates or revise any forward-looking statements, except those otherwise required under paragraph 5.8(2) of NI 51-102, whether written or oral that may be made by or on the Company's behalf.

TRENDS

Other than as disclosed in this MD&A, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

GENERAL BUSINESS AND DEVELOPMENT

Monterey Minerals Inc. (the "Company") was incorporated on May 9, 2014 under the laws of British Columbia, Canada. Its head office is located at 890-1140 West Pender Street, Vancouver, BC, V6E 4G1, Canada. On June 26, 2018, Monterey Minerals Inc. ("Former Monterey") and Landsdown Holdings Ltd. ("Landsdown.") entered into a Share Exchange Agreement (the "SEA") under which the transaction was completed. This resulted in the Landsdown shareholders acquiring control of the Company, after which the Company effected a change in directors, management and business. The address of the registered office is Suite 2702, 401 Bay Street Toronto, Ontario, M5H 2Y4.

Former Monterey acquired Landsdown through a reverse acquisition transaction. Under the terms of the SEA, Former Monterey acquired all of the issued and outstanding common shares of Landsdown based on one share of the Company for each share of Landsdown. Landsdown is engaged in the business of mineral property exploration and was incorporated pursuant under the laws of British Columbia, Canada on August 9, 2015. Landsdown is deemed to be the continuing entity for financial reporting purposes and therefore its historical operations, assets and liabilities are included as the comparative figures as at September 30, 2018.

Prior to the SEA, on October 19, 2016, Former Monterey incorporated four wholly-owned subsidiaries: 1093681 BC Ltd., 1093682 BC Ltd., 1093683 BC Ltd., and Blue Aqua Holdings Ltd. (formerly 1093684 B.C. Ltd.) ("Subcos") setup for proposed arrangement transactions. Former Monterey set the share distribution record date of a plan of an arrangement at close of business on April 18, 2018 whereby each Subcos would issue 1,010,549 common shares to shareholders of the Company. Blue Aqua Holdings Ltd. was spun out effective June 12, 2018 with the remaining Subcos being spun out August 28, 2018.

The Company is a reporting issuer in the Province of British Columbia. All public filings for the Company on the SEDAR website www.sedar.com. The Company's head office is located at 5728 East Boulevard, Vancouver, BC, V6M 4M4, Canada.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2018, the Company had a cash balance of $328,685 compared to a cash balance of $335,648 at December 31, 2017. The Company had working capital $354,082 at December 31, 2018 (December 31, 2017 - $350,865).

The continuation of the Company as a going-concern is dependent on its ability to raise additional capital or debt financing, including on reasonable terms, in order to meet business objectives towards achieving profitable business operations.

MERGER BETWEEN MONTEREY AND LANDSDOWN

On June 26, 2018, Former Monterey entered into a Share Exchange Agreement ("SEA") with Landsdown Holdings Ltd. ("Landsdown") under which a proposed reverse acquisition transaction was completed. Under the terms of the SEA, the Company acquired all of the issued and outstanding common shares of Landsdown based on one share of the Company for each common share of Landsdown. Upon closing, Landsdown shareholders held approximately 74.6% of the outstanding shares of the Company. In substance, the Transaction involves Landsdown shareholders obtaining control of the Company; accordingly, the Transaction is considered to be a reverse takeover transaction (“RTO”) with Landsdown acquiring control of the Company. As the Company did not meet the definition of a business under IFRS 3 Business Combinations (“IFRS 3”) prior to the Transaction, the future consolidated financial statements of the combined entity will represent the continuation of Landsdown. The Transaction will be accounted for as a share-based payment whereby Landsdown acquired the net assets of the Company and the Company’s status as a Reporting Issuer.

For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 since the Company, prior to the acquisition did not constitute a business. The transaction is accounted for in accordance with IFRS 2 Share-based Payment (“IFRS 2”) whereby Landsdown is deemed to issued shares in exchange for the net assets of Former Monterey together with its Reporting Issuer status at the fair value of the consideration received by Landsdown.

The accounting for this transaction resulted in the following:

(i) The consolidated financial statements of the combined entities are issued under the legal parent, Monterey Minerals Inc., but are considered a continuation of the financial statements of the legal subsidiary, Landsdown Holdings Ltd.

(ii) Since Landsdown is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

Since the share and share-based consideration allocated to the former shareholders of the Company on closing the Transaction is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or services received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of the Company acquired on closing is expensed in the unaudited consolidated statement of comprehensive loss as listing fee expense.

The listing fee expense in the amount of $188,727 is comprised of the fair value of common shares of the Company retained by the former shareholders of Former Monterey less the net assets of Former Monterey at June 26, 2018.

The listing fee expense is summarized as follows:

Net working capital acquired:

Accounts payable	$ 66,299
Preferred share liability	3,000
Cash	(273,356)
Loans receivable	(1,500)
Prepaid expenses	(19,729)
	(225,286)
Common shares issued (5,914,478 shares at $0.07 per share)	414,013
Listing fee expense	**$ 188,727**

The Company has estimated the fair value of the equity instruments deemed to be issued by the Company. The fair value of the 5,914,478 common shares amounted to $414,013, based upon a recent private placement financing of Landsdown at $0.07 per share.

SHARE CAPITAL AND OUTSTANDING SHARE DATA

Common Shares

Authorized – Unlimited Common shares without par value; and

Issued and Outstanding as at December 31, 2018: 20,353,056 (December 31, 2017: 14,438,578)

During the year ended December 31, 2018, 5,914,478 common shares were issued in connection with the reverse acquisition. The Company also granted 1,300,000 options on August 15, 2018 which have an exercise price of $0.15 per share and expire August 15, 2023. Share-based compensation of $58,5000 (December 31, 2017: $nil) has been recorded in connection with the issuance of these options.

Redeemable Preferred Shares

On August 28, 2018, the Plan of Arrangement resulting in the spin out of 1093681 B.C. Ltd., 1093682 B.C. Ltd., 1093683 B.C. Ltd. and 1093684 B.C. Ltd. (the "Subcos") from the Company was completed through the authorization of the issuance of 1,010,549 common shares of each of the Subcos to the Monterey shareholders. This resulted in the cancellation of the 4,042,196 Preferred A shares of the Company.

RESULTS OF OPERATIONS

SELECTED QUARTERLY INFORMATION

During the year ended December 31, 2018, the Company incurred a net loss of $469,296 (year ended December 31, 2017 – loss of $163,857). During the three-month period ended December 31, 2018, the Company incurred a net loss of $148,253 (three months ended December 31, 2017 – loss of $108,998). Included in the year ended December 31, 2018 loss was the $188,727 listing expense (2017 - $NIL), share-based compensation of $58,500 (2017 - $NIL), and transfer agent and filing fees of $55,148 ($8,445 for the year ended December 31, 2017). The listing fee expense in the amount of $188,727 is comprised of the fair value of common shares of the Company retained by the former shareholders of the Company less the net assets of the Company at June 26, 2018. Other expenses were insignificant, indicative of the little activity conducted during the period.

SUMMARY OF FINANCIAL RESULTS FOR EIGHT MOST RECENTLY COMPLETED QUARTERS

The following table summarizes the financial results of operations for the eight most recent fiscal quarters:

	Dec. 31, 2018 $	**Sep. 30, 2018 $**	**June 30, 2018 $**	**Mar. 31, 2018 $**
Expenses	**(148,253)**	**(127,872)**	(193,941)	770
Net loss	**(148,253)**	**(127,872)**	(193,941)	770
Loss per share - basic & diluted	**(0.01)**	**(0.01)**	(0.01)	0.00
	Dec. 31,2017 $	**Sep. 30, 2017 $**	**June 30, 2017 $**	**Mar. 31, 2017 $**
Expenses	(108,998)	(10,793)	(34,067)	-
Net loss	(108,998)	(10,793)	(34,067)	-
Loss per share - basic & diluted	(0.01)	(0.00)	(0.00)	0.00

RELATED PARTY TRANSACTIONS

The Company incurred the following charges with directors and/or officers of the Company and/or companies controlled by them during the years ended December 31, 2018 and 2017:

	December 31, 2018	**December 31, 2017**
Consulting	**$ 36,700**	$ 16,950
General & Administration	**16,200**	-
Exploration	**9,042**	-
	$ 61,902	$ 16,950

As at year ended December 31, 2018, included in accounts payable and accrued expenses is $11,856 due to a company controlled by a director (December 31, 2017 - nil).

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

Measurement Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of the accounting policies to financial information presented. Actual results may differ from the estimates, assumptions and judgments made. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes made to estimates are reflected in the period the changes are made.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Significant accounting judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations that have the most significant effect on the amounts recognized in the Company's financial statements, are related to the functional currency assessment, related parties, the provision for reclamation and obligation, when and if deferred taxes are recoverable and the assumption that the Company will continue as a going concern.

The Company made a determination that its functional currency and that of its subsidiaries is the Canadian dollar. Management considered all of the relevant factors in making this determination.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Set out below is a comparison, by category, of the carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements and how the fair value of financial instruments is measured.

Fair values

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2018 and December 31, 2017, the Company did not have any financial instruments measured at fair value.

Categories of Financial Instruments	**Dec. 31, 2018**	**Dec. 31, 2017**
Financial Assets—other receivables		
Cash	**$328,685**	$335,648
Loans receivable, GST receivable and prepaids	**48,553**	40,943
Financial Liabilities—other financial liabilities		
Accounts payable and accrued expenses	**23,156**	25,208
Loans payable	**---**	518

The fair values of all the Company's financial instruments approximate the carrying value due to the short-term nature of the financial instruments. The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (currency fluctuations, interest rates and commodity prices). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer is unable to meet its contractual obligations and arises principally from the Company's accounts receivable. The Company's cash is held with Canadian chartered banks.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company has established a standard of ensuring that it has enough resources available to withstand any downturn in the industry. As the Company's industry is very capital intensive, the majority of its spending is related to its capital programs. The Company prepares periodic capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures. The Company's goal is to prudently spend its capital while maintaining its credit reputation amongst its suppliers.

Market Risk

Market risk is the risk that changes in interest rates, foreign exchange rates and commodity and equity prices will affect the Company's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in certificates of deposit issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of the Canadian chartered bank.

Commodity and equity risk

The Company is exposed to price risk with respect to commodity and equity prices. Commodity price risk is the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Equity price risk is the potential adverse impact on the Company's comprehensive earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depend upon the world market price of certain precious and base metals. Precious and base metals have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of precious and base metals are produced in the future, a profitable market will exist for them.

CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying natural resource properties. The Company's objective is met by retaining adequate equity to guard against the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. The Company considers its capital structure to include cash and working capital. In order to maintain or adjust the capital structure, the Company may from time to time issue shares and adjust its capital spending to manage current and projected debt levels. To assess capital and operating efficiency and financial strength, the Company continually monitors its net cash and working capital.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for all information contained in this report. The December 31, 2018 financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Only investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment should undertake such investment. Prospective investors should carefully consider the risk and uncertainties that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this discussion, including information as to future activities, events and financial or operating performance of the Company and its projects, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks and uncertainties that could cause actual events or results to, differ materially from estimated or anticipated activities, events or results implied or expressed in such forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", or variations of such words and phrases. Forward-looking information may also be identified in statements where certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made.

Many factors could cause actual activities and events and the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. These include metal prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions.

These forward-looking statements are made as of the date hereof and the Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise. Investors are cautioned that forward-looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainly therein.

OTHER INFORMATION

Additional information on the Company is available on SEDAR at www.sedar.com.