MONTEREY MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED March 31, 2019

FORM 51-102F1

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 interim period ended March 31, 2018. The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended March 31, 2019 and audited consolidated financial statements and MD&A for the year ended December 31, 2018. The MD&A has been prepared effective May 30, 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 March 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 described in note 4. 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 March 31, 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 March 31, 2019, the Company had a cash balance of $195,912 compared to a cash balance of $328,685 at December 31, 2018. The Company had working capital $178,750 at March 31, 2019 (December 31, 2018 - $354,082).

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 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 Business Combinations ("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.

PROJECTS

Cobalt Mountain, British Columbia

This 4,921 hectare (12,160 acre) polymetallic project is located in the Omineca Mining Division of Northwest British Columbia, near Smithers, BC.

The following highlights work that was carried out in the fourth quarter of 2018, as reported in Jan. 2019 NI 43-101 report on Cobalt Mountain:

- The program outlined multiple copper ("Cu") anomalies in both soil and talus fines samples.
- Two areas in particular are:
  - the Zante Zone with an area of highly anomalous copper 1,000 metres ("m") x 200 m with several samples over 1000 ppm Cu
  - the Zante South Zone with a 400 m x 500 m Cu soil anomaly. Both areas have partially overlapping Mo Anomalies.
- Both Zante Zones have partially overlapping Molybdenum ("Mo") anomalies.

Previous operators identified multiple Cu/Mo/gold ("Au") porphyry targets that were not systematically followed up. These include the Corinth Zone – a high grade Cu/Au/silver ("Ag") zone which could be the possible extension of the historic Sultana Prospect and includes grab samples of 1.5% Cu, 22.5 g/t Ag, and 5.75% Cu, 26 g/t Ag, 0.34 g/t Au.

Ridge Street Tenements, Australia

Exploration Licence E47/3886, the Sherlock River Property, is located within the northwest Pilbara Craton and in the Central Pilbara Tectonic Zone. The lease is predominantly underlain by rocks of the Sisters Supersuite and portions of the lease cover the sediments and intrusives of the Mallina Formation belonging to the De Grey Group. To the north, the geology is bounded by the Wohler Fault, which runs parallel to a package of sediments and greenstones that host numerous gold and base metal occurrences.

While relatively under-explored, historic work included some geochemical sampling and mapping. Gold anomalies adjacent to the southern border lie in close proximity to the Mallina Basin sediments and intrusives. The Sherlock River Property lies approximately 15 km to the west of Novo Resources Corp.'s ("Novo") Station Creek Gold Project and 17 km to the west of Novo's Edgina Gold Project. To the east of the project, Pacton Gold, Novo and Pioneer Resource all hold significant tenure packages focusing on the gold bearing conglomerates.

CTTR Mining Tenements, Australia

Tenement E47/3891 covers about 155 sq.km. and is adjacent to Novo Resources / Pioneer Resources' Egina Joint Venture Project and directly to the northeast of Kairos Mineral's Croydon Project, where Kairos has had exploration success. The property is roughly 2 km from Pacton's Friendly Creek project.

Tenement E45/5056 covers 22 sq.km. and is surrounded by De Grey Mining's Pilbara Gold and Turner River Base Metals Projects. Adjacent to the property is De Grey's Wingina Mining Centre. The property hosts secondary faults and shears adjacent to the Tabba Shear Zone.

Tenement E45/5063 covers 85 sq.km. and lies 4 km to the north of the Tabba Shear Zone and directly south of the Indee Fault, which transects the tenement. The property is adjacent to and immediately northeast of the Pacton Gold / Arrow Minerals Joint Venture, and 5km to the north of De Grey Mining's Pilbara Gold Project.

The five tenements E45/5058 and E45/5062 through E45/5065 cover 344 sq.km. The properties are predominately underlain by granitoids of the Sisters Supersuite and the Split Rock Supersuite as well as sediments of the Mallina Basin, which form part of the De Grey Superbasin within the Pilbara Craton. Monterey will be targeting gold bearing sediments of the Mallina Basin and host structures in the area as Novo, Pacton, DeGrey and Sayona are currently doing.

SHARE CAPITAL AND OUTSTANDING SHARE DATA

<u>Common Shares</u>

Authorized – Unlimited Common shares without par value; and

Issued and Outstanding as at March 31, 2019: 30,153,056 (December 31, 2018: 20,353,056)

On February 21, 2019 the Company completed its purchase of the Cobalt Mountain Project and now owns a 100% undivided interest in the property. As per the option agreement with the Vendors, the Company issued 1,800,000 shares to the Vendors upon completion.

On February 28, 2019 the Company purchased Ridge Street Investments Pty Ltd. ("Ridge Street") which owns two prospective tenements on the eastern flank of the Pilbara Basin. The Company acquired 100% of Ridge Street for 8,000,000 common shares of the Company.

On February 28, 2019 the Company granted 875,000 options which have an exercise price of $0.12 per option and expire on February 28, 2024. Share-based compensation of $63,525 (March 31, 2018: $NIL) has been recorded in connection with the issuance of these options.

RESULTS OF OPERATIONS

SELECTED QUARTERLY INFORMATION

During the three-month period ended March 31, 2019, the Company incurred a net loss of $1,266,273 (three months ended March 31, 2018 – loss of $19,231). Included in the three-month period ended March 31, 2019 loss was the $1,085,258 of mineral acquisition and exploration costs (2018 - $20,000). Of this amount, $980,000 was non-cash in nature, resulting from the issuance of common shares as consideration for the purchases. Share-based compensation of $63,525 (March 31, 2018: $NIL) is also non-cash in nature. Transfer agent and filing fees of $40,813 (2018 - $226) increased as a result of getting the Company's shares listed for trading on the Canadian Securities Exchange, and the resulting fees associated with becoming a public company. All other expenses increased, compared to the prior year's comparative period, as a result of the Company becoming "active".

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:

	Mar. 31, 2019 **$**	**Dec. 31, 2018** **$**	**Sep. 30, 2018** **$**	**June 30, 2018** **$**
Expenses	**(1,266,273)**	(128,252)	(127,872)	(193,941)
Net loss	**(1,266,273)**	(128,252)	(127,872)	(193,941)
Loss per share - basic & diluted	**(0.06)**	(0.01)	(0.01)	(0.01)
	Mar. 31, 2018 **$**	**Dec. 31,2017** **$**	**Sep. 30, 2017** **$**	**June 30, 2017** **$**
Expenses	(19,231)	(108,998)	(10,793)	(34,067)
Net loss	(19,231)	(108,998)	(10,793)	(34,067)
Loss per share - basic & diluted	0.00	(0.01)	(0.00)	(0.00)

RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members, other key management individuals and enterprises that 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 fair value and approved by the Board of Directors in strict adherence to conflict of interest law and regulations.

The Company incurred the following charges with directors and/or officers of the Company and/or companies controlled by them for the period ended March 31, 2019 and 2018:

	March 31, 2019	**March 31, 2018**
	($)	($)
Consulting – President and CEO	**15,000**	**-**
Accounting – Cronin Services (controlled by a director)	**6,750**	**-**
Exploration – Cronin Capital (controlled by a director)	**30,000**	**-**
Consulting – Front Street (controlled by a director)	**7,500**	**-**
	59,250	-

As at March 31, 2019, included in accounts payable and accrued liabilities is $9,494 (December 31, 2018 - $9,494) due to Cronin Capital and $4,725 (December 31, 2018 - $2,362) due to Cronin Services.

Key management includes the President, CEO and CFO. For the period ended March 31, 2019, salaries and benefits of $22,500 (March 31, 2018 - $Nil) were paid to key management.

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 March 31, 2019 and December 31, 2018, the Company did not have any financial instruments measured at fair value.

Categories of Financial Instruments	Mar. 31, 2019	Dec. 31, 2018
Financial Assets—other receivables		
Cash	**$195,912**	$328,685
Loans receivable, GST receivable and prepaids	**27,169**	48,553
Financial Liabilities—other financial liabilities		
Accounts payable and accrued expenses	**44,331**	23,156
Loans payable	**47,415**	---

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 March 31, 2019 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.