MONTEREY MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

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 September 30, 2021. The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended September 30, 2021 and audited consolidated financial statements and MD&A for the year ended December 31, 2020. The MD&A has been prepared effective November 26, 2021.

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.

In early 2020, the outbreak of the novel strain of coronavirus ("COVID-19"), has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused an economic slowdown and material disruption to business. Management has experienced a slow-down in the ability to transact business as a result of the self-isolating measures. Government has reacted with interventions intended to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial performance and financial position of the Company in future periods.

Due to weak capital markets for junior mineral exploration companies, Management with the support of the Board of Directors has reduced operations to conserve capital.

On April 14, 2021, Monterey announced that its Board of Directors decided that the Company will not continue exploration work at the Alicia Project and, as such, have reached an agreement with the original property vendor (the "Vendor") to return the Alicia Project back to the Vendor in return for the extinguishment of all liabilities due to the Vendor and the Vendor's assumption of all future liabilities associated with the Alicia project.

On June 25, 2021, Monterey announced that James Macintosh resigned as President & CEO, and Director of the Company effective immediately to pursue other opportunities. As a result of the resignation, Monterey's Board of Directors has appointed David Lees as interim CEO.

On July 27, 2021, Monterey consolidated its issued and outstanding common shares, on the basis of one (1) post consolidation common share for every eighty (80) pre-consolidation common shares ("Reverse-Split"). In accordance with the provisions of the British Columbia Securities Act, the Monterey Board of Directors approved the Reverse Split which resulted in approximately 1,914,979 post-consolidation common shares remaining issued and outstanding.

Monterey will need to raise additional working capital to fund its ongoing operations. There no guarantee that the Company will be able to raise sufficient funds in the future, thus jeopardizing the Company's ability to continue as a going-concern.

GENERAL BUSINESS AND DEVELOPMENT

Monterey Minerals Inc. (the "Company") was incorporated on May 9, 2014 under the laws of British Columbia, Canada. Its registered office is located at 777 Hornby Street, Suite 600, Vancouver, BC, V6Z 1S4, 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 Company's main 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 December 31, 2018.

The technical information in this document has been reviewed and approved by Martin Dormer, a consultant to the Company, who is a Qualified Person as defined by NI 43-101. Martin is a member of the Australian Institute of Mining and Metallurgy (AusIMM), the Australian Institute of Geoscientists (AIG). He is a West Australian geologist with over 22 years' experience and sufficient experience of relevance to the styles of mineralization and types of deposits under consideration to qualify as a Competent Person as defined by the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves.

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.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2021, the Company had a cash balance of $49,837 compared to a cash balance of $320,550 at December 31, 2020. The Company had working capital deficit of $134,777 at September 30, 2021 (December 31, 2020 – working capital balance of $134,213).

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.

In October 2019, Monterey carried out a soil sampling, prospecting and mapping program at the Cobalt Mountain Property. The Company built on previous work and defined multiple soil anomalies for both copper and molybdenum that are related to magnetic anomalies identified by previous operators. The Zante Target showing hosts the largest copper (Cu) and coincidental molybdenum (Mo) anomalies covering an area of 1500m x 1000m with the Cu/Mo overlying geophysical magnetic highs. The Cu anomalies remain open to the east, west and north towards Tina. In addition to the Zante Target showing, limited sampling indicates coincidental Cu and Mo soil anomalies at Corinth Target area along with stockwork Cu mineralization. Both the historic Tina and Balsam targets returned elevated values for Cu in soils and rock samples.

Haines Property, Ontario

On November 17, 2021, Monterey announced that it purchased a private company (“PrivateCo”) that has an option to purchase a 100% interest in 35 minerals claims in Ontario, Canada (the “Haines Property”), located in Haines Township, Ontario.

Properties in Australia

On September 29, 2020 the Company signed a purchase and sale agreement to sell four of its southern tenements (the "Tenements") within the Company's portfolio of Pilbara gold properties in Australia. New Age Exploration Limited ("New Age") acquired the Tenements for 25 million shares of New Age. The Company recorded the 25 million New Age shares as marketable securities valued at $282,240 on the date of the sale which was recorded as a reduction of mineral acquisition and exploration during the year ended December 31, 2020.

In addition, the Company entered into an option and asset sale agreement to option a further four tenements comprising 538 sq.km. to New Age for total consideration of 75 million New Age shares and 37.5 million unlisted New Age options with an exercise price of $0.02, expiring 28 September 2023. New Age will have an exclusive right to exercise the option to acquire the four tenements on or before completion of a 45 day due diligence period. New Age paid an option fee of $140,000 which was recorded as a reduction of mineral acquisition and exploration during the year ended December 31, 2020. In the third quarter of, 2021, the Company entered into a Deed of Variation to the principal agreement of the option and asset sale agreement signed with New Age on September 29, 2020. Under the Deed of Variation, the consideration for the option to purchase the four tenements comprising 538 sq.km was amended to (a) 7.5 million shares of New Age and (which shares were received) (b) the performance payments of 30 million shares of New Age within 5 Business Days of the Purchaser first making a public announcement on the Australian Securities Exchange ("ASX") to the effect that it has delineated a 250 koz gold indicated Joint Ore Reserves

Committee of the Australasian Institute of Mining and Metallurgy ("JORC") resource on the Tenements; and a further 30 million Shares within 5 Business Days of New Age first making a public announcement on the ASX to the effect that it has delineated a 500koz gold indicated JORC resource on the Tenements.

SHARE CAPITAL AND OUTSTANDING SHARE DATA

Common Shares

Authorized – Unlimited Common shares without par value

On July 27, 2021, Monterey consolidated its issued and outstanding common shares on the basis of one (1) post consolidation common share for every eighty (80) pre-consolidation common shares. The number of shares are presented on a post-consolidation basis.

Issued and Outstanding as at September 30, 2021: 1,914,979 (December 31, 2020: 1,903,143),

On April 1, 2021, the Company issued 11,836 common shares to a consultant for providing exploration consulting services.

On November 17, 2021, Monterey announced that it purchased a private company ("**PrivateCo**") that has an option to purchase mineral claims in Ontario, Canada. Under the terms of the share exchange agreement, PrivateCo received 1,800,000 common shares of Monterey. The underlying option held by PrivateCo requires the following:

- Three hundred thousand (300,000) common shares being paid to the Vendor by October 18, 2022
- Six hundred thousand (600,000) common shares being paid to the Vendor by October 18, 2023; and
- One hundred thousand dollars ($100,000) being spent on the Haines Property by October 18, 2023.

The Vendor shall retain a two percent (2%) Net Smelter Return ("NSR") on the claims, of which half of the NSR can be purchased back from the Vendor for CAD$1,000,000.

RESULTS OF OPERATIONS

SELECTED QUARTERLY INFORMATION

During the three and nine months ended September 30, 2021, the Company incurred a net losses of $60,755 and $297,476, respectively, (three and nine months ended September 30, 2020 – losses of $5,371,164 and $5,610,199, respectively). Included in the three months ended September 30, 2021 losses was a gain of $61,479 representing consideration received on disposition of Australian assets net of acquisition and exploration costs. For the nine months ended September 30, the Company incurred net mineral acquisition and exploration costs of $19,344 (three and nine months ended September 30, 2020 - $4,655,524 and $4,661,285, respectively). Share-based compensation (non-cash in nature) was $NIL in 2021, whereas $127,725 and $138,645 was expensed in the three and nine months ended September 30, 2020, respectively.

Transfer agent and filing fees were lower in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. Investor relations expenses decreased to $1,145 and $7,238, respectively, for the three and nine months ended September 30, 2021 compared to $110,974 and $205,518, respectively, for the three and nine months ended September 30, 2020, reflective of the state of the Company's operations as the board and management evaluates its go-forward options. The same was true for general and administration, salaries and consulting fees.

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:

	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020
Expenses	$ (22,482)	$ (111,296)	$ (109,963)	$ (645,787)
Net loss	60,755)	(94,340)	(235,925)	(668,071)
Loss per share - basic & diluted	(0.03)	(0.05)	(0.12)	(0.80)
	Sep. 30, 2020	**Jun. 30, 2020**	**Mar. 31, 2020**	**Dec. 31, 2019**
Expenses	$ (5,399,397)	$ (130,802)	$ (118,606)	$ (106,326)
Net loss	(5,371,164)	(130,802)	(108,233)	(106,326)
Loss per share - basic & diluted	(4.00)	(0.17)	(0.14)	(0.12)

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. The Company define keys management personnel as its CEO, CFO and Board of Directors.

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 related parties for the periods ended September 30, 2021 and 2020:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Consulting – President and CEO	$ ---	$ 15,000	$ 30,000	$ 45,000
Consulting - CFO	10,500	10,500	31,500	38,500
Stock-based compensation	---	48,800	---	59,720
	$ 10,500	$ 74,300	$ 61,500	$ 143,220

As at September 30, 2021, included in accounts payable and accrued liabilities is $44,500 (December 31, 2020 - $nil) due to companies controlled by directors of the Company.

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 September 30, 2021 and December 31, 2020, the Company did not have any financial instruments measured at fair value.

Categories of Financial Instruments	Sep. 30, 2021	Dec. 31, 2020
Financial Assets—other receivables		
Cash	**$49,837**	$320,550
Loans receivable, GST receivable and prepaids	**56,508**	97,746
Financial Liabilities—other financial liabilities		
Accounts payable and accrued expenses	**123,164**	241,029
Loans payable	**184,399**	87,758

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 September 30, 2021 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.