CAPROCK MINING CORP.

MANAGEMENT’S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2022

Introduction

The following is the Management's Discussion and Analysis ("MD&A") of the results of operations and financial condition of Caprock Mining Corp. ("Caprock", "we" or the "Company") as at and for the three months ended November 30, 2022. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements and related notes for the three months ended November 30, 2022 (the "Q1 2023 Financials"), and the audited financial statements and related notes for the year ended August 31, 2022 and the period from September 14, 2020 (date of incorporation) to August 31, 2021 (the "2022 Financial Statements"). All financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All figures are expressed in Canadian dollars unless stated otherwise. Additional information relating to the Company is available under the Company's SEDAR profile at www.sedar.com. This MD&A also covers the subsequent period up to January 24, 2023.

Description of Business

Caprock was incorporated as Blingold Corp. under the provisions of the *Business Corporations Act* (Ontario) on September 14, 2020. On July 12, 2021, the Company filed Articles of Amendment to change the name from Blingold Corp. to Caprock Mining Corp. The Company was incorporated to explore and evaluate mining properties in Canada. The registered address of the Company is 77 King Street West, Suite 2905, Toronto, Ontario, M5k 1H1, Canada.

On January 26, 2022, the Company's common shares commenced trading on the Canadian Securities Exchange (the "CSE") under the ticker "CAPR", which triggered the Liquidity Event to acquire the Big Ridge Property (see "Mineral Properties" below).

The Company is a mineral exploration company exploring for gold, focused on an initial portfolio of properties in Ontario, Canada. The Company may pursue additional gold exploration properties in Ontario and/or in other jurisdictions should such investments be consistent with the objectives and acquisition criteria of the Company. The Company's financial success will be dependent upon the extent to which it can acquire and advance its mineral exploration assets toward economic viability. Such developments take years to achieve with any resulting income very difficult to determine with any certainty. The Company owns no Mineral Reserves or Resources and has not generated any revenues to date. The sales value of any such mineralization discovered and developed by the Company depends on factors beyond the Company's control, such as the market value of any mineral commodities produced.

There are significant uncertainties regarding the price of gold and other minerals and metals and the availability of equity financing for mineral exploration and development. The prices of gold and other minerals and metals have fluctuated substantially in recent years. The Company's future performance is primarily tied to developing its current mineral property interests and the overall financial markets. Current financial markets are likely to be volatile in Canada for the remainder of the calendar year and into 2023, reflecting ongoing concerns about the stability of the global economy and the novel coronavirus ("COVID-19") pandemic. Companies worldwide have been affected negatively by these trends. As a result, the Company may have difficulties raising equity financing for mineral exploration and development, particularly without excessively diluting present shareholders of the Company. With continued market volatility and slower worldwide economic growth, the Company's strategy is to continue exploring the properties and seek out other prospective mineral properties to acquire until the capital markets stabilize. The Company believes this focused strategy will enable it to meet any near-term challenges presented by fluctuations in the capital markets while maintaining the momentum on critical initiatives.

Management is not aware of any other trends, commitments, events, or uncertainties that would have a material effect on the Company's business, financial condition, or results of operations.

Mineral Properties

The primary business objectives of the Company are to create a focused portfolio of gold exploration properties, then add value and achieve growth through exploration, resource delineation and development.

On March 11, 2021, the Company entered into an agreement with Big Ridge Gold Corp. ("Big Ridge") (the "Big Ridge Agreement"), to acquire a 100% interest in an aggregate of 523 mining claims and 15 leases in the province of Ontario comprising the properties known as Mud Lake, Golden Heart, Brookbank East, Three Towers, Miner Lake and Green Oaks, subject to the Royalties (collectively, the "Big Ridge Property") for the purchase price of 10,000,000 common shares at a deemed price of $0.10 per common share. The Big Ridge Property acquisition closed on February 28, 2022, and 10,000,000 common shares of the Company were issued at the price of $0.20 per share, being the closing price of the common shares on that date.

The acquisition of the Big Ridge Property is not expected to affect the financial condition, financial performance and cash flows of the Company, other than acquisition costs and Phase I and Phase II expenses, as described herein, as there is currently no operations or production occurring on the Property.

The Company also plans to search for and carry out due diligence research on other properties of merit, to acquire and then advance them should they meet management's technical and related investment criteria. The Company may enter into partnerships to fully exploit the potential of exploration assets.

Qualified Person

The technical information contained in this MD&A has been approved by Vishal Gupta, M.Sc., P.Geo. (Ontario), who is a "Qualified Person" within the meaning of National Instrument 43-101, Standards of Disclosure for Mineral Projects.

Environmental regulations

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. The Company maintains a policy of conducting its business in compliance with all environmental regulations.

Competitive conditions

The mining industry is very competitive at all stages from exploration through to production. The Company competes with several other entities in the search for and the acquisition of prospective mineral properties. In particular, there is a high degree of competition faced by the Company in Canada and elsewhere for desirable mineral resource property interests, suitable contractors for drilling operations and necessary mineral exploration and mining equipment, and many competitor companies have more significant financial resources, operational experience and more advanced properties than the Company. These factors pose an ongoing challenge to management, one that is taken into account in all management decisions regarding existing and potential future holdings.

The ability of the Company to acquire and explore additional properties depends on its success in exploring and developing its existing property interests and on its ability to select, acquire and advance its mineral assets. Factors beyond the control of the Company may affect the marketability of any minerals mined or discovered by the Company.

Business objectives and milestones

The business objectives the Company expects to achieve using the available funds are to (i) complete the exploration program recommended in the Technical Report and (ii) begin looking for potential mineral properties to acquire that meet the Company's acquisition criteria.

The significant events that must occur to complete the Phase I and Phase II business objectives to be achieved are set out in the recommended program in the Technical Report. There is some risk that COVID-19 may cause a delay in completing the recommended work program if travel restrictions are imposed and personnel become unable to travel to the Property. As the vaccination program continues to roll out in Canada, the risk of COVID-19 on the Company's business objectives reduces.

Exploration plans

The planned objectives of the Company for the calendar year 2023 include:

- Completion of the Phase I program for the Miner Lake Property set out in the Conclusions & Recommendations section of Technical Report on the Property, at an estimated cost of $330,000. Initial work outlined in the Phase I program commenced in late-2022 and is expected to be progressed in a step-wise fashion during the summer of 2023;
- If warranted based on the results of the Phase I recommended program, initiation of the Phase II recommended program for the Property, set out in the Technical Report;
- Ongoing search for and acquisition of additional properties in accordance with the Company's acquisition criteria; and
- Pursuit of additional financing, if required.

Cost estimate for Phase 1 exploration, Miner Lake Property

Recommended Activities	**Total Cost**
	$
3-D integrated exploration model compilation and selection of	**15,000**
Ground truth prospecting, and surface rock geochemical sampling at generated targets from modelling	**30,000**
Beep mat and portable spectrometer survey of selected areas on the property	**25,000**
Diamond drilling (lightweight short holes 50-100 m) of recommended generated targets	**240,000**
Geochemical rock and core samples analyses	**20,000**
	330,000

Other Corporate Developments

On September 14, 2022, the Company appointed Mrs. Amy Stephenson as its new Chief Financial Officer ("CFO"), effective September 12, 2022.

Financial information

Selected annual information

The Company's selected financial information as at the end of the reporting period and for the two most recently completed financial years are summarized as follows:

	Year ended August 31, 2022	Period from Incorporation to August 31, 2021
	$	**$**
Sales revenue	-	-
Net loss from continuing operations	(991,862)	(555,006)
Net loss and comprehensive loss	(991,862)	(555,006)
Net loss per share – basic and diluted	(0.028)	(0.029)
Total assets	2,746,196	1,477,300
Working Capital	621,259	1,407,318

Selected quarterly financial information

Selected financial information for the eight most recently completed quarters as follows:

	As at and for the three months ended November 30, 2022	As at and for the three months ended August 31, 2022	As at and for the three months ended May 31, 2022	As at and for the three months ended February 28, 2022
	$	**$**	**$**	**$**
Operating expenses	(170,160)	(235,184)	(356,949)	(167,879)
Net loss and comprehensive loss	(170,160)	(235,184)	(356,949)	(167,879)
Loss per share – basic and diluted	(0.004)	(0.006)	(0.009)	(0.006)
Cash	566,916	689,889	888,042	1,029,726
Total assets	2,618,395	2,746,196	2,933,471	3,080,291

	As at and for the three months ended November 30, 2021	As at and for the three months ended August 31, 2021	As at and for the three months ended May 31, 2021	As at and for the three months ended February 28, 2021
	$	**$**	**$**	**$**
Operating expenses	(231,849)	(215,441)	(254,207)	(49,114)
Net loss and comprehensive loss	(231,849)	(215,441)	(254,207)	(49,114)
Loss per share – basic and diluted	(0.008)	(0.007)	(0.010)	(0.005)
Cash	1,241,932	1,389,659	1,650,096	40,548
Total assets	1,302,733	1,477,300	1,679,428	45,395

Financial Results for the Three Months ended November 30, 2022

Results of operations

During the three months ended November 30, 2022 ("Q1 2023"), the Company had not generated any revenues and had incurred total operating expenses of $170,160, as compared to total operating expenses of $231,849 in the comparative period ("Q1 2022"), for a decrease of $61,689. The significant variances in operating expenses are comprised primarily of:

- Increase in share-based compensation to $33,791 (Q1 2022 – $nil) as a result of recognition of expense on vesting of stock options and restricted share units ("RSU") issued to directors and management personnel;
- Decrease of $34,381 in professional fees to $92,285 (Q1 2022 - $126,666) primarily as a result of reduction in legal services and financial advisory fees;
- Decrease of 24,439 in non-recoverable input tax credit ("ITC") to $nil (Q1 2022 – $24,439) as a result of a one-time ITC written off from an HST examination from the Canada Revenue Agency in the prior period;
- Decrease of $15,109 in shareholder costs to $3,447 (Q1 2022 - $18,556) as a result of a one-time Ontario Securities Commissions application and listing fee incurred in the prior period.
- Decrease of $27,484 in E&E expenditures to $19,952 (Q1 2022 - $47,436) as a result of geological expenses incurred in comparative period and not in the current period.

Net loss for Q1 2023 was $170,160 (loss of $0.004 per basic and diluted share), as compared to net loss of $231,849 (loss of $0.008 per basic and diluted share) for the comparative period.

Cash flows

Net cash used in operating activities for three months ended November 30, 2022 was $122,973, as compared to the net cash used in operating activities of $147,727 in comparative period, for an decrease of $24,754. Management intends to maintain a tight control on incurring expenses and ensuring that only expenses necessary are incurred at a reasonable cost.

Working Capital and Liquidity Outlook

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to have capital available to generate optimal returns for shareholders. While the Company does not yet have any revenues, management monitors its capital structure and makes adjustments according to market conditions to meet its objectives given the current outlook of the business and industry in general. The Board of Directors (the "Board") of Caprock does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management team to sustain the future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its business activities. The Company's capital management objectives, policies and processes have remained unchanged since the Company's most recent financial reporting period.

The Company currently has no cash inflows from operations, and the level of operations is principally a function of availability of capital resources and exploration plans. The primary source of funding has been through the issuance of common shares for cash proceeds. There is no guarantee that the Company will be able to successfully complete such financings, as market conditions and business performance may dictate availability and interest.

The Company is not subject to any externally imposed capital requirements.

As at November 30, 2022, the Company had current assets of $618,395 (August 31, 2022 – $746,196) to settle current liabilities of $133,468 (August 31, 2022 – $124,900), for a working capital of $484,927 (August 31, 2022 – $621,296).

Management is actively monitoring cash levels and managing exploration plans and corporate overhead against its budget. Cash levels will decline as the Company accelerates exploration work. As of the date of the MD&A, the Company believes that it will have sufficient liquidity to continue operations for the 12-month period ending November 30, 2023. Nevertheless, management will continue to look for new sources of financing, to fund its working capital to advance the Company's exploration and other operations.

Exploration and Evaluation Assets

The Company's carrying value of its E&E assets are as follows:

	November 30, 2022	August 31, 2022
	$	$
Acquisition	**2,000,000**	2,000,000
	2,000,000	2,000,000

During the three months ended November 30, 2022 and 2021, the Company's E&E expenditures on its properties are comprised of the following:

	2022	2021
	$	$
Geological expenses	**19,952**	47,436
	19,952	47,436

Related Party Transactions

In accordance with IAS 24 – Related Party Disclosures, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee of the Board.

The remuneration of directors and other members of key management personnel during the three months ended November 30, 2022 and 2021:

	2022	2021
	$	$
Management salaries and consulting fees	**62,500**	59,250
Professional fees	**25,000**	19,000
Share-based compensation	**33,791**	-
	121,291	78,250

Effective June 7, 2021, the Company entered into an executive management agreement with Windmark Financial Limited ("Windmark"), a company controlled by the Vishal Gupta, the Company's President and CEO, to pay the CEO $175,000 per year, paid in $14,583 monthly installments as follows:

(i) $7,292 per month, with the balance accruing; and shall increase to
(ii) $10,000 per month, with the balance accruing, upon the occurrence of a Liquidity Event; and shall increase to
(iii) $14,583 per month upon the earlier of (a) a Financing, or (b) Asset Acquisition.

During the three months ended November 30, 2022, the Company recorded consulting fees of $43,750 (2021 – $43,750) in relation to the CEO's consulting compensation. As at November 30, 2022, $108,125 (August 31, 2022 – $88,958) was owed to the CEO and included in accounts payable and accrued liabilities. As at November 30, 2022, included in prepaid expenses is an amount of $7,292, which was paid to Windmark in advance for the December 2022 consulting fees.

During the three months ended November 30, 2022, Branson Corporate Services Ltd. ("Branson"), where John Tokarsky, the Company's former CFO, and Amy Stephenson, the Company's current CFO, were affiliated, charged fees of $25,000 (2021 – $19,000), for CFO services provided to the Company, as well as other accounting and administrative services, which are included in professional fees. As at November 30, 2022, no balance was owed to Branson (August 31, 2022 – $nil).

During the three months ended November 30, 2022, Nebu Consulting, LLC ("Nebu"), where Avrom Howard, the Company's Vice President Exploration is employed, charged fees of $18,750 (2021 – $15,500), for professional consulting services provided to the Company. As at November 30, 2022, no balance was owed to Nebu (August 31, 2022 – $nil).

Share-based compensation

On March 9, 2022, the Company granted 1,988,000 options to various officers and directors at an exercise price of $0.12, expiring on March 9, 2027. 50% of the options vested immediately on grant and the remaining 50% vest on March 9, 2023. The grant date fair value attributable to these options was $177,252, of which $22,096 was recorded as share-based compensation in connection with the vesting of these options during the three months ended November 30, 2022 (2021 - $nil).

On March 10, 2022, the Company granted 1,012,000 RSUs to certain officers. Half of the RSUs vested immediately, while the other half vests 12 months after the date of grant. During the three months ended November 30, 2022, share-based compensation of $11,695 in connection with the vesting of these RSUs was recorded (2021 - $nil).

Other related party transactions

On February 28, 2022, the Company issued 10,000,000 common shares to Big Ridge upon the completion of the acquisition of its mining properties as disclosed in Note 6 of the Q1 2023 Financials. A director of the Company is also the President and a director of Big Ridge.

Financial Instruments

The Company is exposed to various risks as it relates to financial instruments. Management, in conjunction with the Board, mitigates these risks by assessing, monitoring and approving the Company's risk management process. There have not been any changes in the nature of these risks or the process of managing these risks from the previous reporting periods.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Cash is held with reputable Canadian chartered bank, which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments is minimal. The maximum exposure to credit risk at period-end is limited to the receivable balance.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities.

As at November 30, 2022, the Company had a cash balance of $566,916 (August 31, 2022 – $689,889) to settle current liabilities of $133,468 (August 31, 2022 – $124,900).

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at November 30, 2022:

	Carrying amount	**Year 1**	**Year 2 to 3**	**Year 4 to 5**
	$	**$**	**$**	**$**
Accounts payable and accrued liabilities	133,468	133,468	-	-

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring anticipated cash flows to identify financial requirements. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

Management believes there will be sufficient capital to meet short-term business obligations, after taking into account cash flow requirements from operations, the Company's cash position as at period end, and its strategic financing plan over the next 12 months.

Foreign exchange risk

Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. While the Company's operations are based in Canada, it may have, from time to time, transactions denominated in foreign currencies. The Company's primary exposure to foreign exchange risk is that transactions denominated in foreign currency may expose the Company to the risk of exchange rate fluctuations. Based on its current operations, management believes that the foreign exchange risk is minimal.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold any instruments subject to interest rate risk as at November 30, 2022.

Fair value

Fair value estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. The Company's financial instruments consist of cash, and accounts payables.

As at November 30, 2022, the Company's financial instruments consist of cash, receivables, prepaid, and accounts payable and accrued liabilities. The fair value of cash, and accounts payable and accrued liabilities are approximately equal to their carrying value due to their short-term nature.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Cash	566,916	-	-	**566,916**

As at November 30, 2022, the Company's financial instruments carried at fair value consisted of its cash, which is classified as Level 1. There were no transfers between Levels 2 and 3 for recurring fair value measurements during the period ended November 30, 2022, and the year ended August 31, 2022.

Significant Accounting Judgments and Estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. These are described in greater detail in Note 2(d) to the Q1 2023 Financial Statements.

Summary of Significant Accounting Policies

The accounting policies applied by the Company are the same as noted in Note 3 to the Q1 2023 Financial Statements.

Off-Balance Sheet Arrangements

As at November 30, 2022 and the date of this MD&A, the Company does not have any off-balance sheet arrangements.

Disclosure of Outstanding Share Data as of January 24, 2023

	Authorized	Outstanding
Common shares	Unlimited	40,372,500 common shares
Securities convertible or exercisable into voting or equity		a. 10,400,510 warrants exercisable to acquire common shares of the Company; b. 1,823,000 outstanding stock options, of which 829,000 stock options are exercisable into common shares of the Company, and c. 1,012,000 RSU, of which 506,000 are exercisable into common shares of the Company.

Disclosure of Internal Controls over Financial Reporting

The Company's management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the Company's audited financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited financial statements; and (ii) the Company's audited financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to non-venture issuers, this MD&A does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). In particular, management is not making any representations relating to the establishment and maintenance of: (a) controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its filings or other reports or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Investors and other readers should be aware that inherent limitations on the ability of management of the Company to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of filings and other reports provided under securities legislation.

Cautionary Note Regarding Forward-Looking Statements

This MD&A includes "forward-looking statements" within the meaning of applicable securities legislation, including those relating to the Company's corporate strategy and exploration plans, potential acquisitions, adequacy of working capital, and anticipated expenses and cash flows, which are based on the opinions and estimates and assumptions of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mineral exploration industry, the risk of commodity price fluctuations and especially precious metals prices, the ability of Company to fund the capital and operating expenses necessary to achieve its business objectives, volatility in financial markets and the market price of the Company's shares, as well as those other risks described or referenced herein. Accordingly, readers should not place undue reliance on these forward-looking statements.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this MD&A are made as of the date hereof, and the Company undertakes no obligation to update publicly or revise any forward-looking statements except in accordance with applicable securities laws. The forward-looking statements herein are expressly qualified by this cautionary statement.

Management's Responsibility for Financial Information

Management is responsible for all information contained in this MD&A. The Company's Q1 2023 Financials have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the financial statements in all material aspects.

The Audit Committee has reviewed the Q1 2023 Financials and this MD&A. The Board has approved the Q1 2023 Financials and this MD&A.

January 24, 2023

Vishal Gupta
President and Chief Executive Officer