

SIERRA MADRE DEVELOPMENTS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED MARCH 31, 2020

In Canadian Dollars

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Sierra Madre Developments Inc.'s ("Sierra Madre", or the "Company") performance, financial condition, and future prospects has been prepared as of July 29, 2020. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the years ended March 31, 2020 and 2019 which have been prepared using International Financial Reporting Standards ("IFRS").

DESCRIPTION AND OVERVIEW OF BUSINESS

Sierra Madre was incorporated under the *Business Corporations Act* (British Columbia) on April 30, 2009. The Company had one wholly owned subsidiary - Bear Mountain Gold Mines Ltd. ("Bear Mountain"), a British Columbia company – which was spun-out to shareholders during the year ended March 31, 2020.

Sierra Madre is a mineral exploration company focused on the acquisition and evaluation of precious metal mineral properties in Canada. In December of 2011 the Company acquired an option to earn a 100% interest in the Harrison Gold Project located near Agassiz in southwestern British Columbia. The Harrison Gold Project was disposed of during the year ended March 31, 2020 as part of the spin-out transaction of BMGM. At March 31, 2020, the Company did not hold title to any mineral exploration properties.

The Company's shares are listed for trading on the NEX branch of the TSX Venture Exchange under the symbol SMG.H. The Company was previously subject to three cease trade orders (CTOs) as a result of the Company's failure to file its financial statements for the year ended March 31, 2014, as issued on August 6, 2014 by the BC Securities Commission, on August 25, 2014 by the Ontario Securities Commission, and on November 5, 2014 by the Alberta Securities Commission. Following application by the Company, each of those CTOs were revoked on October 2, 2018. The Company's shares resumed trading on January 30, 2019.

On October 22, 2018 the Company announced its intention to dispose of its interest in the Harrison Gold Property to its subsidiary BMGM. On November 9, 2018 shareholders approved such sale. Under the terms of such sale, BMGM issued 2,699,041 common shares in its capital to the Company, accepted transfer of the Harrison Gold Project and the associated \$15,000 reclamation bond, and assumed \$287,822 of debt owed by the Company, which amount relates primarily to expenditures incurred by the Company with respect to the Harrison Gold Project. On August 9, 2019 the TSX Venture Exchange approved this arrangement. Pursuant to the terms of the arrangement, the Company was to distribute the shares of BMGM to its shareholders as a return on capital, with a concurrent reduction of the Company's capital rather than as a capital dividend. The distribution to the Company's shareholders was initiated on September 19, 2019. The entire disposition transaction is described in greater detail in the Company's Information Circular dated October 12, 2018.

On November 15, 2018 the Company announced that the directors had approved:

- (i) a consolidation of the Company's 53,980,860 issued and outstanding common shares on the basis of 1 new share for every 10 outstanding shares; and
- (ii) a private placement to raise up to \$270,000 through the distribution of 5,400,000 post-consolidated shares at \$0.05 per share. Funds will be used for costs associated with its corporate reorganization with BMGM, payment of certain debts, and for working capital purposes.

On February 15, 2019 the common shares of the Company were consolidated on a 10 old for 1 new basis to 5,398,082 issued and outstanding.

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On March 25, 2019 the announced private placement of 5,400,000 shares for \$270,000 closed.

On February 25, 2020, the Company announced that it proposes to acquire a prospective gold property in a prolific Quebec gold district, to carry out a share consolidation, name change, and non-brokered private placement financing, and to seek reinstatement on Tier 2 of the TSX Venture Exchange.

The Company announced that it has entered into an acquisition agreement with an arm's length consortium to acquire 161 claims covering 8,867 hectares (the "Property") located in close proximity to the major deposits (Osisko Mining's Windfall Deposit, and Bonterra Resources' Gladiator and Barry Deposits) of the emerging Urban-Barry Gold Camp in Quebec.

Pursuant to the acquisition agreement, subject the approval of the TSX Venture Exchange, the Company would acquire the Property by the issuance of 7,000,000 post-consolidated common shares of the Company.

On April 3, 2020, the Company announced that it will not be proceeding with the previously announced acquisition of claims in the Urban-Barry Gold Camp area in Quebec, share consolidation and private placement financing.

On June 18, 2020, the Company announced it is undertaking, subject to the approval of the TSX Venture Exchange, a share consolidation of 1 new share for every 2 outstanding shares. The share consolidation has not been implemented as of the date of this report.

The Company is also undertaking a private placement of up to \$1,000,000 through the issuance of post-consolidated shares at \$0.06 per share. The private placement has not closed as of the date of this report.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's operations. The extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated at the date of these condensed interim financial statements.

Sierra Madre has no properties nor producing operations and as a consequence, the Company does not generate any operating income or positive cash flow. Its ability to continue as a going concern is entirely dependent upon the Company's ability to find suitable projects and access public equity markets to raise sufficient capital.

Selected Annual Information

	Years ended March 31,		
	2020	2019	2018
	\$	\$	\$
Total revenues	-	-	-
Loss for the year	(39,867)	(207,794)	(59,672)
Basic and diluted loss per share	\$0.00	\$0.04	\$0.00
Total assets	21,615	190,963	45,684
Total long term liabilities	-	-	-
Cash dividends declared per share	\$0.00	\$0.00	\$0.00

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RESULTS OF OPERATIONS – QUARTER

The Company posted a loss of \$5,678 for the three months ended March 31, 2020 (2019 – loss of \$25,839). The main components of this were professional fees of \$160 (2019 - \$9,775) and transfer agent and regulatory fees of \$500 (2019 - \$3,844). Exploration expenditures of \$5,000 (2019 – 12,200) were incurred primarily for review and technical report on claims in the Urban-Barry Gold Camp area in Quebec. As previously announced this project was dropped.

RESULTS OF OPERATIONS – YEAR TO DATE

The Company posted a loss of \$39,867 loss for the year ended March 31, 2020 (2019 – loss \$207,794). The main components of this were professional fees of \$59,698 (2019 - \$96,737), and transfer agent and filing fees of \$17,668 (2019 - \$58,582). The decrease from 2019 was due primarily to exploration expenditures that were reversed and transferred to Bear Mountain Gold Mines as part of the split from the Company of \$35,765. The costs incurred in audit and legal costs were lower this year by \$26,139.

The following is a summary of the Company's results for the eight most recently completed quarters:

	For the quarters ended							
	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial Results								
Net income / (loss) for period	(5,678)	38,627	(56,649)	(16,167)	(25,839)	(22,308)	(133,429)	(26,218)
Per share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.04	\$0.00
Balance Sheet Data								
Cash and cash equivalents	5,882	10,901	50,382	161,691	162,128	13,844	40,414	7,542
Total assets	21,615	26,634	64,237	190,546	190,963	41,854	67,812	34,239
Shareholder's equity (deficit)	(466,997)	(439,478)	(478,105)	(716,287)	(700,120)	(919,282)	(921,973)	(788,544)

LIQUIDITY AND CAPITAL RESOURCES

Sierra Madre has no operations that generate cash flows and the Company's future financial success will depend on the discovery of one or more economic mineral deposits. This process can take years, can consume significant resources and is largely based on factors that are beyond the control of the Company's management.

For the foreseeable future the Company will continue to rely upon its ability to raise financing through the sale of equity. This will be dependent on the Company identifying suitable projects that will attract investors. Which will also require a general positive investor sentiment, which in turn will be influenced by a positive climate for precious metal exploration generally, a Company's track record and the experience and calibre of the Company's management, as well as global economic outlook.

There is no assurance that the Company will be able to access equity funding at the times and in the amounts required to meet the Company's obligations and fund activities.

At March 31, 2020 the Company had a working capital deficit of \$466,997 (2019 - \$700,120).

The Company has no loans or bank debt and there are no restrictions on the use of its cash resources. The Company has not paid any cash dividends and management does not expect this will change in the foreseeable future.

OUTSTANDING SHARE DATA

Authorized Share capital: unlimited common shares without par value

SHARE DATA AT THE REPORT DATE

Issued and outstanding shares 10,798,082 as at July 29, 2020.

There are no options, warrants or other securities convertible into common shares outstanding.

RELATED PARTY TRANSACTIONS

Key management is considered to include the Company's directors and officers. For the years ended March 31, 2020 and 2019, the Company incurred the following transactions with the President/CEO, the CFO and companies controlled by the President/CEO and a director of the Company:

Year ended March 31,	2020	2019
	\$	\$
Management fees	-	18,000
Bear Mountain project management	-	24,000
Accounting and compliance services	22,500	29,600
Rent	-	6,000
	22,500	77,600

At March 31, 2020, the Company owed \$6,000 (2019 - \$801,143) in respect of services provided to and payments made on behalf of the Company.

	2020	2019
	\$	\$
Amounts owed to a company controlled by the CEO	-	768,615
Amounts owed to a company controlled by a director		28,328
Amounts owed to a company controlled by a director	3,000	3,800
Amounts owed to a company controlled by a director	3,000	400
	6,000	801,143

These amounts are unsecured, non-interest-bearing and have no specific terms of repayment.

These transactions occurred in the normal course of business and were measured at the exchange amount, which was the amount of consideration agreed upon between the related parties.

COMMITMENTS

Other than the transaction detailed below, the Company has not entered into any material contractual commitments as at the Report Date.

RECENT EVENTS AND OUTLOOK

As outlined above, the Company has transferred all of its interests in the Harrison Gold Property to BMGM in exchange for shares of BMGM and the assumption of some outstanding debts. As a result, BMGM holds all of the Company's interest in the Omineca Option Agreement, in addition to the Harrison South Mineral Tenures and the Harrison Development Operations Mineral Tenures. The Company distributed the BMGM Shares to the Company's shareholders on a pro-rata basis, as a return of capital (collectively the "Reorganization").

As a result of the Reorganization, (i) all interests in and to the Omineca Option Agreement are held by BMGM, (ii) the Company's shareholders and Omineca are currently the sole shareholders of BMGM (pro-rata as to their current shareholdings in SMG); (iii) BMGM will continue to develop the Harrison Gold Property, to build out its board of directors and management team, and to seek a listing on a Canadian stock exchange; (iv) it is hoped that it will allow BMGM to secure the financing necessary to allow it to undertake some additional work on the Harrison Gold Property so as to maintain the Omineca Option Agreement in good standing; and (v) it will allow Sierra Madre to investigate alternative business opportunities.

Additional information regarding the Reorganization and the Harrison Gold Property is contained in the Company's Information Circular dated October 12, 2018.

FINANCIAL AND OTHER INSTRUMENTS

As at March 31, 2020, the Company's financial instruments consisted of cash and cash equivalents, accounts payable, accrued liabilities and due to related parties. The fair values of accounts payable, accrued liabilities and due to related parties approximate their carrying values because of the short-term nature of these instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments.

RISKS AND UNCERTAINTIES

The Company is in the mineral exploration and development business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business.

Some of the possible risks include the following:

- a) The Company currently has no business operations.
- b) The only source of future funds to source and acquire projects which may become available to the Company is through the sale of equity capital.
- c) Any future equity financings by the Company for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.
- f) Any future operations of the Company may require added personnel; licenses and permits; and many other potential risks that the Company has no way of determining at this time. As such, there is no assurance that the Company will be successful in obtaining what is required to obtain and operate new activities in the future.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Some of the statements contained in this MD&A are forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur.

Forward-looking statements may be identified by such terms as "believes", "if", "expects", "estimates", "may", "could", "should", "will", "intends" and similar expressions. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Although the Company believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements in this MD&A include, but are not limited to, information or statements concerning the Company's expectations for results on the Company's operations; capital costs anticipated; the Company's current financial resources being sufficient to fund operations; and the Company's ability to obtain additional funds through the sale of equity.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors including: changes in general economic conditions and conditions in the financial markets; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological and operational difficulties encountered in connection with the Company's activities; and other matters discussed in this MD&A.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. Further information regarding these and other factors, which may cause results to differ materially from those projected in forward-looking statements, are included in the filings by the Company with securities regulatory authorities. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities law.