

STARR PEAK

Mining Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED OCTOBER 31, 2022

STARR PEAK MINING LTD.
Form 51-102F1
Management Discussion & Analysis
For the three months ended October 31, 2022

This Management Discussion and Analysis (“MD&A”) focuses on significant factors that affected Starr Peak Mining Ltd. (“Starr” or the “Company”) during the three months ended October 31, 2022 to the date of this report. This MD&A should be read in conjunction with the audited financial statements for the year ended July 31, 2022 as well as the unaudited condensed interim financial statements for the three months ended October 31, 2022. The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated.

Additional information related to Starr Peak Mining Ltd. is available on SEDAR at www.sedar.com

This MD&A contains information up to and including December 23, 2022.

FORWARD LOOKING STATEMENTS

This Management’s Discussion and Analysis (“MD&A”) contains certain statements that may be deemed “forward-looking statements,” within the meaning of certain securities laws. Forward-looking statements relate to management’s expectations or beliefs about future performance, events, or circumstances that include, but are not limited to, future production, costs of production, prices of gold, reserve or resource potential, exploration and operational activities, and events or developments that the Company expects or targets. Forward-looking statements can usually be identified by words such as: “future”, “plans”, “scheduled”, “expects”, “intends”, “estimates”, “forecasts”, “will”, “may”, “could”, “would”, and variations thereof. Although the Company believes that these statements are based on reasonable assumptions, all forward-looking statements involve known and unknown risks and uncertainties that may cause the actual performance, events, or circumstances of the Company to be materially different than anticipated. The forward-looking information in this MD&A describes the Company’s expectations as of the date of this MD&A.

Such forward-looking statements, including but not limited to those with respect to the price of metals, the timing and amount of estimated future mineralization and economic viability of properties, capital expenditures, costs and timing of exploration projects, permitting timelines, title to properties, the timing and possible outcome of pending exploration projects and other factors and events described in this MD&A involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

The Company cautions that the foregoing list of material factors is not exhaustive. When relying on the Company’s forward-looking information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company has assumed a certain progression, which may not be realized. It has also assumed that the material factors referred to in the previous paragraph will not cause such forward-looking information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors.

The reader should verify all claims and do their own due diligence before investing in any securities mentioned or implied in this document. Investing in securities is speculative and carries a high degree of risk.

Forward-looking statements are based on management’s current plans, estimates, projections, beliefs, and opinions and we do not undertake any obligation to update forward-looking statements should the assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by law.

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Business Overview

The Company was incorporated in under the Canada Business Corporations Act on February 4, 1981 and has continued as a company under the Business Corporations Act of British Columbia. The Company is an exploration stage junior mining company engaged in the identification, acquisition and exploration of mineral properties. The Company's head office is Suite 300 – 1055 West Hastings Street, Vancouver, BC, V6E 2E9. The registered records office is located at 25th floor, 700 West Georgia Street, Vancouver, BC, V7Y 1B3.

Historically the Company's principal business activities have been the exploration and development of mineral properties. The Company is in the process of exploring and developing its resource properties and has not yet determined whether its resources properties contain reserves that are economically recoverable. The recoverability of amounts shown for resource properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development, confirmation of the Company's interest in the underlying claims and leases and upon future profitable production or sufficient proceeds from the disposition of its resource properties.

The Company is continually investigating new exploration opportunities and mineral exploration is carried out on properties identified by management of the Company as having favorable exploration potential. Interests in such properties are acquired in various ways. In some cases, the Company, through its own efforts, stakes mineral claims or acquires exploration permits. In other cases the Company acquires interests in mineral properties from third parties. An acquisition from a third party is typically made either as an outright purchase (with payment of cash and/or shares) or by way of an option agreement, which requires the Company to make specific option payments and to incur a specific amount of exploration and development expenditures. Once having incurred the specified exploration expenditures, the parties will enter into a joint venture requiring each party to contribute towards future exploration and development costs, based on its percentage interest in the property, or suffer dilution of its interest.

The Company advances its projects to varying degrees by prospecting, mapping, geophysics and drilling. Once a property is determined to have limited exploration potential, the property is abandoned or sold. In cases where exploration work on the property reaches a stage where the expense and risk of further exploration and development are too high, the Company may seek a third party to earn an interest by furthering development. Optioning a property to a third party allows the Company to retain an interest in further exploration and development while limiting its obligation to commit large amounts of capital to any one project. The resource exploration business is high risk and most exploration projects will not become mines.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

NewMétal Property

On June 9, 2019, the Company entered into an agreement to acquire a 100% interest in the NewMétal Property in Quebec in consideration of a cash payment of \$105,000, which was settled with common shares in the May 2020 private placement.

The property is subject to a 1% Net Smelter Royalty ("NSR").

2nd Stage Expansion

On June 1, 2020, the Company expanded the property by acquiring a 100% interest in additional claims through the common share issuance schedule as follows:

- i) 4,500,000 common shares (issued and valued at \$4,950,000) for the first 50% interest.

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ii) 4,500,000 common shares (issued and valued at \$8,685,000) to acquire the remaining 50% interest.

The expanded property is subject to a 3% NSR, of which 1% can be repurchased for \$1,000,000 at any time prior to commercial production.

In connection with the acquisition, the Company issued 450,000 common shares valued at \$495,000 as finder's fees.

Normetal/Normetmar Property, Rousseau Property and Turgeon Lake Property

On August 3, 2020, the Company expanded the property by acquiring a 100% in the properties, Normetal/Normetmar Property, Rousseau Property, and Turgeon Lake Property, in consideration of the following:

- i) \$50,000 cash payment and 1,200,000 common shares issuance upon execution (paid and issued)
- ii) \$50,000 cash payment at 6-month anniversary (paid)
- iii) \$50,000 cash payment on or before August 3, 2021 (paid)

These properties are subject to a 2.5% Gross Metal Royalty, of which 1% can be repurchased for \$1,500,000 at any time prior to commercial production.

The Company capitalized its acquisition costs as follows:

July 31, 2021	\$	16,807,000
Cash		50,000
July 31, 2022 and October 31, 2022	\$	16,857,000

RISK FACTORS RELATING TO MINERAL EXPLORATION INDUSTRY

There are many risk factors facing companies involved in the mineral exploration industry. Risk Management is an ongoing exercise upon which the Company spends a substantial amount of time. While it is not possible to eliminate all the risks inherent to the industry, the Company strives to manage these risks, to the greatest extent possible. The following risks are most applicable to the Company.

Industry and Mineral Exploration Risk

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that the Company's exploration efforts will be successful. At present, the Company's projects do not contain any proven or probable reserves. Success in establishing reserves is a result of a number of factors, including the quality of the project itself. Substantial expenditures are required to establish reserves or resources through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Because of these uncertainties, no assurance can be given that planned exploration programs will result in the establishment of mineral resources or reserves.

The Company may be subject to risks which could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks. The Company attempts to balance this risk through insurance programs where required and ongoing risk assessments conducted by its technical team.

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Commodity Prices

The Company is in the business of metals exploration and as such, its prospects are largely dependent on movements in the price of various metals. Prices fluctuate on a daily basis and are affected by a number of factors well beyond the control of the Company. The mineral exploration industry in general is a competitive market and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist. Due to the current grassroots nature of its operations, the Company does not enter into price hedging programs.

Environmental

Exploration projects or operations are subject to the environmental laws and applicable regulations of the jurisdiction in which the Company operates. Environmental standards continue to evolve and the trend is to a longer, more complete and rigid process. The Company reviews environmental matters on an ongoing basis. If and when appropriate, the Company will make appropriate provisions in its financial statements for any potential environmental liability.

Title of Assets

Although the Company conducts title reviews in accordance with industry practice prior to any purchase of resource assets, such reviews do not guarantee that an unforeseen defect in the chain on title will not arise and defeat our title to the purchased assets. If such a defect were to occur, our entitlement to the production from such purchased assets could be jeopardized.

Competition

The Company engages in the highly competitive resource exploration industry. The Company competes directly and indirectly with major and independent resource companies in its exploration for and development of desirable resource properties. Many companies and individuals are engaged in this business, and the industry is not dominated by any single competitor or a small number of competitors. Many of such competitors have substantially greater financial, technical, sales, marketing and other resources, as well as greater historical market acceptance than does the Company. The Company will compete with numerous industry participants for the acquisition of land and rights to prospects, and for the equipment and labor required to operate and develop such prospects. Competition could materially and adversely affect the Company's business, operating results and financial condition. Such competitive disadvantages could adversely affect the Company's ability to participate in projects with favorable rates of return.

Financing

Historically, the Company has raised funds through equity financing and the exercise of options and warrants to fund its operations. The market price of natural resources is highly speculative and volatile. Instability in prices may affect the interest in resource properties and the development of and production from such properties. This may adversely affect the Company's ability to raise capital to acquire and explore resource properties.

Results of Operations, three months ended October 31, 2022

For the three months ended October 31, 2022, the Company had a net loss of \$909,551 (2021 – \$2,673,456).

The significant differences between the two years include:

- Consulting of \$70,769 (2021 - \$92,704) as a result of decreased business advisory services rendered during the current period.
- Exploration expenses of \$744,437 (2021 - \$2,784,665) decreased primarily due to decreased drilling exploration activities on the NewMétal Property in the current period.
- Office and administration of \$3,940 (2021 - \$21,872) decreased due to decreased general office expenses during the current period.
- Professional fees of \$10,900 (2021 - \$20,520) decreased due to decreased legal services rendered during the current period.

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- Marketing and shareholder communications of \$Nil (2021 - \$165,522) due to the Company's effort to increase market awareness during the comparative period.
- Transfer agent and filing fees of \$1,846 (2021 - \$2,918) due to decreased share activities during the current period.
- Travel of \$3,608 (2021 - \$18,183) due to a decrease in travel in the current period.
- Flow through premium recovery of \$12,101 (2021 - \$503,999) due to exploration expenditures incurred against flow-through spending requirements in current period.

Summary of Quarterly Results

A review of the last eight quarters indicate that operating gains and losses fluctuate on a quarterly basis due to the timing of option grants as well as fourth quarters having reflected adjustments for new accounting policies and audit adjustments.

	October 31, 2022	July 31, 2022	April 30, 2022	January 31, 2022
Comprehensive Net loss	\$ (909,551)	\$ (4,336,571)	\$ (3,667,207)	\$ (2,199,932)
Net loss per share	\$ (0.02)	\$ (0.10)	\$ (0.09)	\$ (0.05)

	October 31, 2021	July 31, 2021	April 30, 2021	January 31, 2021
Comprehensive Net loss	\$ (2,673,456)	\$ (7,088,846)	\$ (996,787)	\$ (997,068)
Net loss per share	\$ (0.07)	\$ (0.19)	\$ (0.03)	\$ (0.03)

Liquidity and Capital Resources

On October 31, 2022, the Company had \$973,334 in cash and a working capital deficiency of \$804,616.

During the period from August 1, 2021 to November 23, 2022, the Company closed a private placement of 2,879,743 flow-through units at \$0.95 per unit for gross proceeds of \$2,735,756. Each unit consists of one flow-through common share and one-half share purchase warrant of the Company. Each warrant will entitle the holder to acquire an additional common share of the Company at a price of \$1.40 per share until February 16, 2024. Company paid a finder's fee of \$53,085 and paid share issuance costs of \$14,363. A value of \$57,595 was attributed to the flow-through premium liability in connection with the financing. The Company incurred the flow-through proceeds and accordingly, recorded \$12,101 as recovery of flow-through premium during the period ended October 31, 2022.

At this time, the Company has no operating revenues. Historically, the Company has raised funds through equity financing, the exercise of options and warrants and advances from related parties.

The Company is in the resource exploration and development business and is exposed to a number of risks and uncertainties inherent to the resource sector. This activity is capital intensive at all stages and subject to fluctuations in commodity prices, market sentiment, currencies, inflation, and other risks.

Material increases or decreases in the Company liquidity will be substantially determined by the success or failure of its exploration and development activities, as well as its continued ability to raise capital. The Company is not aware of any trends, demands, commitments, events or uncertainties that may result in its liquidity either materially increasing or decreasing at present or in the foreseeable future.

The Company is pursuing further financing and recognizes that it is unable to meet its current obligations and operating expenses without further financial arrangements.

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Off-balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel includes the Company's executive officers and Board of Director members.

The Company entered into the following transactions with related parties. All related party transactions were measured at the amount of consideration established and agreed to by the related parties.

During the three months ended October 31, 2022, the Company:

- a) paid or accrued \$59,598 (2021 – \$56,836) in management fees to the CEO of the Company.
- b) paid or accrued \$25,500 (2021 – \$13,000) in management fees to a company controlled by the CFO of the Company.
- c) paid or accrued \$10,900 (2021 – \$20,520) in professional fees to a company controlled by the CFO of the Company.

The amounts due to other related parties and key management personnel:

	October 31, 2022	July 31, 2022
Due to a company controlled by the CFO and director	\$ 46,693	\$ 36,475

Amounts due to related parties have no specific terms of repayment, are unsecured and non-interest-bearing.

The amounts due from other related parties and key management personnel included in prepaid expenses are as follows:

	October 31, 2022	July 31, 2022
Due from the Chief Executive Officer	\$ 23,235	\$ 22,120

Critical Accounting Estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

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• **Exploration and Evaluation Expenditure**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Critical Accounting Policies

Reference should be made to the Company's significant accounting policies contained in Note 3 of the Company's audited financial statements. These accounting policies can have a significant impact of the financial performance and financial position of the Company.

Outstanding Share Capital

	Amount Authorized	As at October 31, 2022	As at Date of this Report
Common shares	Unlimited	46,443,181	46,443,181
Warrants	n/a	2,998,794	2,998,794
Stock Options	10%	3,548,605	2,477,127

Financial Instruments and Financial Risk Management

The company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and equity price risk.

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Foreign Currency Risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The company does not have significant exposure to foreign exchange rate fluctuation.

Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Equity Price Risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity holdings. The investment in the common shares of Osisko is monitored by Management with decisions on sale taken at the Board level. A 10% decrease in the fair value of Osisko would result in a \$770 decrease in equity.

b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet short term expected operational expenses. To achieve this objective expenditures are monitored as necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure. The Company is reliant on the continued support of related parties to meet short-term financing requirements and to meet obligations as they become due.

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for cash, amounts due to related parties, and trade and other payables approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values, these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

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- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 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).

Disclosure for Venture Issuers without Significant Revenue

The details of capitalized acquisition costs, expensed exploration and development costs and general and administrative costs are disclosed in the condensed interim financial statements for the period ended October 31, 2022.