South Atlantic GOLD

Management Discussion and Analysis

For the Year Ended February 28, 2021

The following management's discussion and analysis ("MD&A") has been prepared as of June 25, 2021 and should be read in conjunction with the consolidated financial statements for the year ended February 28, 2021 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. References throughout the report we refer to South Atlantic, the "Company", "we", "us", "our" or "its". All these terms are used in respect of South Atlantic Gold Inc. and/or its wholly owned subsidiaries. Further information on the Company is available on SEDAR at www.sedar.com. Information is also available on the Company's website at www.southatlanticgold.com. Information on risks associated with investing in the Company's securities is contained in this MD&A.

All amounts stated are in Canadian dollars unless otherwise stated.

Cautionary Statement on Forward-Looking Information

This report contains "forward-looking statements", including, the Company's expectations as to but not limited to, comments regarding the timing and content of upcoming work programs and exploration budgets, geological interpretations, receipt of property titles, and potential mineral recovery processes. Forward-looking statements express, as at the date of this report, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results. The material factors and assumptions used to develop the forward-looking statements and forward looking information contained in this MD&A include without limitation the following: assumptions, risks and uncertainties associated with general economic conditions; the Covid-19 pandemic; adverse industry events; our approved budgets, exploration and assay results, results of the Company's planned exploration expenditure programs, estimated drilling success rates and other prospects. Due to the nature of the mineral resource industry, budgets are regularly reviewed in light of the success of the expenditures and other opportunities that may become available to the Company. Accordingly, while the Company anticipates that it will have the ability to spend the funds available to it, there may be circumstances where, for sound business reasons, a reallocation of funds may be prudent.

Forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements and South Atlantic assumes no obligation to update forward-looking information in light of actual events or results.

Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, factors associated with fluctuations in the market price of minerals, mining industry risks and hazards, environmental risks and hazards, economic and political events affecting metal supply and demand, uncertainty as to calculation of mineral reserves and resources, requirement of additional financing, and other risks. Actual results may differ materially from those currently anticipated in such statements.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

HIGHLIGHTS FOR 2020 – 2021

Completed Milestones

- *Enhanced management and the board of directors;*
- *Completed Pedra Branca: earn-in agreement (Jaguar Mining);*
- *Completed equity financings for gross proceeds of $2M;*
- *Completed rebranding of Company and change of name to South Atlantic Gold Inc;*
- *Pedra Branca: mobilized & started drilling;*
- *Pedra Branca: validated historical diamond drill data; and*
- *Completed earn-in expenditures to acquire 75% interest in Pedra Branca*

Overview Performance and Operations

South Atlantic Gold Inc. *(formerly Jiulian Resources Inc*.) (the "Company") was incorporated on October 17, 2006 under the laws of British Columbia, Canada. The Company was a capital pool company as defined in the TSX Venture Exchange (the "Exchange") Policy 2.4. On July 28, 2009, the Exchange accepted for filing the Company's Qualifying Transaction, as a result, the Company resumed trading as a Tier 2 mining company under the symbol "JLR", on August 26, 2009. On February 12, 2016, the Company was transferred to NEX of the Exchange due to not being able to meet Tier 2 Continued Listing Requirements. The trading symbol of the Company was changed to "JLR.H". The Exchange granted final approval on the reactivation of South Atlantic from the NEX Board of the Exchange to Tier 2 of the Exchange effective Tuesday October 9, 2018. The Company commenced trading on the Exchange Tier 2 under symbol "JLR" on the effective date.

On November 19, 2020 the Company changed its name from Jiulian Resources Inc. to South Atlantic Gold Inc. and commenced trading under its new symbol "**SAO**" on November 24, 2020.

The Company's corporate office and principal place of business is located at 335 – 1632 Dickson Avenue, Kelowna, BC V1Y 7T2.

As at the date of this report Choom has the following wholly owned subsidiaries:

Name of Subsidiary	**Jurisdiction**
SOUTH ATLANTIC GOLD BRASIL EXPLORACAO MINERAL LTDA ("**SAG**")	Brazil

<u>Corporate</u>

On October 8, 2020, the Company completed In connection with the Acquisition as described hereinbelow a non-brokered private placement and issued an aggregate of 17,500,000 Units at a price of $0.10 per Unit for aggregate gross proceeds of $1,750,000 (the "**Concurrent Financing**").

Each Warrant entitles the holder to acquire one additional Common Share at a price of $0.15 per share until October 8, 2022, subject to an accelerated expiry in certain circumstances. In the event the closing trading price of the Company's shares is greater than $0.25 per share for a period of 10 consecutive trading days (the "**Acceleration Event**"), the Company will give notice to the Warrant holders of the Acceleration Event and the Warrants will expire 30 days thereafter.

The net proceeds of the Concurrent Financing were utilized to complete the Acquisition and to fund the required US$1M earn-in expenditures and related operating costs in relation to the development of the Pedra Branca Property (See Use of Proceeds).

On June 17, 2020, the Company completed a non-brokered private placement and issued 10,000,000 units (each a "**Unit"**) at a price of $0.025 per Unit for gross proceeds of $250,000 (the **"Offering**").

Each Unit consists of one common share of the Company and one-half of one common share purchase warrant (each whole warrant a "**Warrant**"). Each Warrant entitles the holder to acquire one additional common share in the capital of the Company at a price of $0.075 per until June 17, 2022, subject to an accelerated expiry. In the event the closing trading price of the Company's shares is greater than $0.15 per share for a period of 10 consecutive trading days (the "**Acceleration Event**") the Company will give notice to the holders of the Acceleration Event and the Warrants will expire 30 days thereafter.

Pricing of the Offering was in reliance of the *Temporary Relief Measures established by the TSX Venture Exchange on April 8, 2020.*

The proceeds of the Offering were allocated for general working capital purposes (See Use of Proceeds.

<u>Projects and Exploration</u>

The Company is primarily engaged in the acquisition, exploration and development of mineral properties located in Brazil and Canada. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company's current properties include a 100% interest in the Big Kidd project located in British Columbia and a 75% interest in the Pedra Branca project in Brazil.

This report may contain information about adjacent properties on which South Atlantic has no right to explore or mine. Readers are cautioned that mineral deposits on adjacent properties are not indicative of mineral deposits on the Company's properties.

Qualified Persons

*The scientific and technical information that forms the basis for parts of this MD&A with respect to the Pedra Branca project was reviewed and approved by Marcelo Antonio Batelochi (P.Geo.), MAUSIMM (CP), the Company's Exploration Manager who is a Qualified Person as defined by National Instrument 43-101 ("**QP**").*

Scott Dorion, P.Geo., a consultant to the Company is the designated QP of the Company and has reviewed and approved the technical information contained in this report with respect to the Big Kidd project.

Pedra Branca - Brazil

On July 29, 2020 the Company entered into a definitive agreement (the "**Option Agreement**") with Jaguar Mining Inc. ("**Jaguar**") to acquire up to a 100% interest in the Pedra Branca property (the "**Pedra Branca Property or Pedra Branca**"") tenement package, located in Ceará State, North-eastern Brazil (the "**Acquisition**").

Pedra Branca is located in Ceará State, Northeast Brazil. The state is a pro-mining region with excellent infrastructure. The capital of the state, Fortaleza, is approximately 280 kilometers from the Pedra Branca and has an international airport and provides good access to the Pedra Branca. The Pedra Branca Property consists of 24 exploration licenses covering 38,926 hectares. Infrastructure includes paved roads, access to the power grid and mine facilities are situated on-site. Jaguar acquired the project area in 2007.

Highlights of Option Agreement for Pedra Branca include:

- 75% interest for US$1M in exploration expenses;
- South Atlantic can increase its interest to 100% by delivering a technical report for Pedra Branca that is compliant with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("**NI 43-101 Report**") and granting a 0.5% net smelter royalty (an "**NSR**") to Jaguar;
- South Atlantic will be the operator of the exploration program; and
- South Atlantic can purchase half of the NSR for US$1M.

Consideration for the initial 75% interest in the Pedra Branca Property would be earned through exploration expenditures totaling a minimum of US$1M (the "**Earn-In Expenditures**"). The exploration budget under the Option Agreement was determined by the minimum work commitment to maintain the tenement area in good standing with the Brazilian Ministry of Mines and Energy. South Atlantic can increase its interest to 100% by delivering the NI 43-101 Report.

Pursuant to the terms of the Option Agreement, South Atlantic is the operator on the Pedra Branca Property and Jaguar provided technical support during the initial hand-over period. Both South Atlantic and Jaguar will share responsibility for the preparation and submission of the final exploration reports should time constraints become critical.

Jaguar shall retain a back-in-right to acquire a 24% interest (the "**Back-In-Right**") wherein upon completion of the Earn-In Expenditures (the "**Earn-In Vesting Date**") Jaguar shall have 45 days from the Earn-In Vesting Date to exercise its Back-In Right by paying the Company 2.5 times the Earn-In Expenditures incurred by the Company resulting in the Company holding at 51% interest and Jaguar a 49%. In the event Jaguar exercises its Back-in-Right the parties shall form a joint venture (the "**JV**"). In the event any party dilutes their interest below 10%, such interest shall revert to 0.5% NSR (the "**JV NSR**") of which 0.25% of the JV NSR may be purchased for US$1 million by the non-diluting party.

See news releases dated July 30, 2020 and October 14, 2020 for additional details on the Acquisition on www.SEDAR.com and the Company's website at www.southatlanticgold.com.

Earn-In Agreement Update, Pedra Branca Partnership with Jaguar Mining Inc.

On June 11, 2021, the Company completed the Earn-In Expenditures and acquired a 75% interest in the Pedra Branca Project. An audit of the US$1 million in exploration expenditures by South Atlantic from its Phase 1 exploration program has been completed and Jaguar has accepted the results which completes the earn-in requirements for the 75% interest.

South Atlantic's focus will be to complete the NI 43-101 Report to increase its interest to a 100% of the Pedra Branca project. Additionally, the NI-43-101 Report will highlight the Phase II exploration program at Pedra Branca.

Pedra Branca Exploration Program Update

The Company recently completed the Phase I Exploration program at Pedra Branca which included new drilling and validation of historical drilling as outlined by the recommendations in the technical report (the "**Pedra Branca Report**") prepared in accordance with the requirements of NI 43-101 and entitled "*Technical Report, Geology, Mineralization and Exploration of the Pedra Branca Gold Project."* authored by Brett R Marsh, CPG and Jean-Marc Lopez, FAusIMM, and is filed under the Company's profile on the SEDAR website at www.sedar.com.

Exploration

On October 22, 2020, the Company mobilized a Reverse Circulation (RC) drill rig to the Pedra Branca Property. Drilling will focus on confirmation of known mineralized zones and the extensions on trend zones of gold mineralization intercepted by trenches from five prospective targets that have previously been identified: Mirador, Queimadas e Coelhos, Igrejinha and Mir-Coelhos, covering 12.5km of trend (30% of total 42km trend).

On April 20, 2021, the Company completed the Phase I exploration program. A consolidation of the entire historical and newly acquired data from the Phase I program includes a total of 122 RC ("**reverse circulation**") and 90 Diamond Drill holes, representing 5,022 meters ("**m")** of RC drilling and 8,914 m of Diamond Drilling. All drill holes to date have been shallow with a maximum depth of 250 m for diamond drill holes and 60 m for RC holes.

<u>Highlights Of The Phase 1 Program Include:</u>

Highlights of Pedra Branca Phase 1 Exploration Program:

- A total of 12,286 m of trenches were excavated which led to 9,349 trench assay results;
- 122 RC drill holes led to a total of 4,356 RC drill assay results;
- All historical diamond drilling core with original assay results above 0.35 grams per tonne ("g/t") were validated through re-assay. This validation has enabled the inclusion of these results into the National Instrument 43-101 ("NI 43-101") technical report currently in progress;
- Tenements under mining designation from Agencia Nacional de Mineração ("ANM"), the national mining agency in Brazil, include the Coelho-Queimadas, Mirador Norte and

Mirador Sul targets. These three tenements had 2,600 m of trenching completed which resulted in 2,646 assay results and 81 RC drill holes that totaled 3,334 m of drilling and resulted in 2,474 assay results. These results include the Condado Target that is the southern extension of the Coelho-Queimadas Target area;

- ***New Discoveries:*** The Igrejinha and Bombeiro Targets were identified as new mineralized areas that previously had little to no exploration. Combined, these two tenements received 1,950 m of trenching and 1,216 m of RC drilling from 30 drill holes. A total of 3,429 assays were received from both the trenching and drilling on these two tenements; and

- ***Legal tenure:*** All tenements remain in good legal standing. The Company is in compliance with all current requirements set out by the ANM and continues to diligently monitor all required extensions.

See news releases dated January 20, 2021, March 5, 2021 and April 20, 2021 for additional details on drill targets, figures, maps, assay results, exploration results and QA/QC procedures on www.SEDAR.com and the Company's website at: www.southatlanticgold.com

Pedra Branca Licenses & Permits Update

Pedra Branca is at an advanced stage of the mining concession process with the Brazilian Mining Agency ("Agencia Nacional de Mineração" or "ANM").

Of the 24 tenements, the main targets including Coelhos, Queimadas and Mirador are under mining concession process and are expected to go into an environmental impact study towards the latter part of 2021. The licenses and permits are valid, and the Company is in continuous communication with ANM to ensure that all of the licenses are properly maintained and updated in a timely manner.

Outlook

Despite the world-wide Covid-19 pandemic, the Company was able to complete the Phase I exploration program on budget and on time. South Atlantic will continue to work diligently to deliver the NI 43-101-Report which we anticipate will include an initial resource estimate at Pedra Branca. Upon completion of same, South Atlantic will have satisfied the terms of the Option Agreement and will have successfully increased its interest in the project to 100% subject to Jaguar's Back-In-Right.

The Company will now look to complete the required government processes to transfer the Company's interest in the Pedra Branca to South Atlantic Gold's subsidiary in Brazil.

The Big Kidd Property

The Big Kidd Project consists of 4,056 hectares ("ha") accessed by paved highway (Highway 5A) from Merritt, BC and 250 km northeast of Vancouver, BC. The property is crosscut by logging roads, a powerline runs adjacent to the BK Breccia deposit and there is a custom mill at the historic Craigmont Mine (30 km to the north). In total, the infrastructure at Big Kidd is excellent. While the project is 100% owned by the Company, there is a 2.5% net smelter return royalty with full buy-back rights. The exploration target at the Big Kidd property is alkali porphyry type copper-gold deposit.

Exploration

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The 2019 drill program drilled 9 diamond drill holes with a total of 4,191.5 m drilled. The drilling program successfully expanded the boundaries of the mineralization to the North, South, West at depth and all holes drilled into the Big Kidd Breccia Zone intersected appreciably widths of gold ("Au")-copper ("Cu") porphyry style mineralization and alteration. All the holes drilled into the Big Kidd Breccia Zone encountered mineralization. The deepest hole, BK-19-009, was designed to test for a deeper-seated source of mineralization, indicated by increasing alteration and chalcopyrite to pyrite ratios at depth. This hole intersected a second mineralized breccia body from 420 to 644.3 m of depth which was the end of that hole. Unfortunately, the drilling was pulled due to difficulties with a deviation.

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Recently the Company completed an initial review of the historical data to perform a re-analysis of the drilling data with consideration to increased copper prices. Analysis of the historical Induced Polarization ("IP") and Diamond Drill ("DD") data has revealed an area of geologic interest at the Big Kidd Project area.

Highlights of 2019 Exploration and review include:

- Big Kidd consists of three targets, Big Sioux, Big Brother and Breccia with a total of 49 DD holes and 12,249.2 metres ("m") completed;

- The Big Sioux Zone hosts a 1918 shaft that extracted **44 tons of 12.0% Cu**, 68 g/t Ag and **0.57 g/t Au**. Significant historical intersect **119 m of 0.12% Cu and 0.15 g/t Au** (Hole 92-6);

- 2019 drilling BK-19-009 intersected a second mineralized breccia body from 420 m to 644.3 m (EOH) with stronger and still increasing alteration with strong potential for **mineralization at depth;**

- To the north of Big Sioux, there is a 3 km low cross cutting linear magnetic high, which is similar to the **discovery zone at MPD Gold Copper Porphyry Project***, from Kodiak Copper*, 23 km southeast from the Property.

Outlook

Using existing drill and IP data, and re-examining the geologic results there appears to be a high probability to expand the mineralization at the Big Kidd Project. The drill, soil geochemistry and geophysical historical results show the potential to increase the identified mineralization along strike and at depth. Additionally, because there are a number of drill holes that were terminated in mineralization, the geology is indicating that more work needs to be conducted at Big Kidd to determine its potential*.* The Company's technical team is currently working on an exploration plan and budget as funds permit to further explore this asset.

Additional details on the results reported from the 2019 program including assay results, maps and figures including the Company's QA/QC methods please refer to the news releases June 18, 2021, March 21, 2019, April 15, 2019 and May 23, 2019 all of which can be found on the Company's website and filed under the Company's profile on www.SEDAR.com.

Covid-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic and has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Expenditures to date on Exploration and Evaluation Assets include:

For the year ended February 28, 2021 include:

	Brazil Pedra Branca	**Bid Kidd**	**Total**
Balance as at February 28, 2020	$ -	$ 1,314,670	$ 1,314,670
Exploration Costs			
Assaying	**69,490**	**-**	**69,490**
Drilling	**226,428**		**226,428**
Field equipment and supplies	**36,271**	**-**	**36,271**
Fieldwork	**200,297**	**4,200**	**204,497**
Geological	**79,650**	**-**	**79,650**
Camp/Site Costs	**69,582**	**1,000**	**70,582**
Community relations	**40,369**		**40,369**
43-101 Technical Report	**33,530**	**-**	**33,530**
IP Survey & Geophysics	**11,117**	**-**	**11,117**
Land tazes and fees	**6,029**		**6,029**
Vehichle and equipment rental & fuel	**112,283**	**-**	**112,283**
Core shack rental	**-**	**2,425**	**2,425**
Travel/Site	**29,134**	**-**	**29,134**
Total Exploration costs	**914,180**	**7,625**	**921,805**
Provision	**14,020**	-	**14,020**
Balance at February 28, 2021	**$ 928,200**	**$ 1,322,295**	**$ 2,250,495**

For the year ended February 29, 2020:

	Bid Kidd
Balance as at February 28, 2019	$ 561,971
Exploration Costs	
Assaying	90,545
Drilling	382,315
Field equipment and supplies	408
Fieldwork	77,952
Geological	96,190
GIS Mapping and reports	1,000
Camp/Site Costs	34,496
Transport, helicopter, rental equipment & fuel	58,495
Travel/Site	11,298
Total Exploration costs	752,699
Balance at February 29, 2020	**$** 1,314,670

Selected Annual Information

The following table summarizes selected financial data reported by the Company for the years ended February 28, 2021, February 29, 2020 and February 28, 2019. The following annual results are compliant with IFRS.

	Years Ended		
	February 28 2021	February 29 2020	February 28 2019
	$	$	$
Total Revenue	**—**	—	—
Net loss and comprehensive loss	**(559,968)**	(83,187)	(297,732)
Net loss per share basic and diluted	**(0.01)**	(0.00)	(0.01)
Total assets	**3,386,069**	1,442,301	1,884,451
Current liabilities	**(485,256)**	(162,936)	(521,517)
Long term liabilities	**—**	—	—
Shareholders' equity	**2,900,813**	1,279,465	1,362,934

Financial Results for the year ended February 28, 2021 and February 29, 2020

The Company has no operating revenues and relies on external financings to generate capital for its continued operations. As a result of its activities South Atlantic continues to incur annual net losses.

For the year ended February 28, 2021, the Company reported a $559,638 net and comprehensive loss or $0.01 basic and diluted loss per share compared to a $83,187 or $0.00 loss per share for the same comparative year ended February 28, 2020. The primary component of the current year loss was general and administration costs of $312,245 (2020 - $91,264) offset by interest income of $756 (2020 – $9,513). Additional expenses in the current year ended February 28, 2021 included share-based payments of $245,272 (2020 - $Nil) in connection with the grant of stock options.

The summary of general and administrative expenditures included:

		February 28 2021		**February 29 2020**
Accounting and legal	$	**51,666**	$	18,000
Conferences		**-**		621
Consulting		**89,036**		20,920
Corporate development		**5,000**		-
Website, advertising, shareholder communication		**28,101**		3,204
Office and administration fees		**93,335**		11,902
Insurance		**11,423**		14,944
Regulatory fees		**20,008**		7,729
Rent		**9,000**		9,000
Transfer agent fees		**4,386**		2,693
Travel		**290**		2,251
	$	**312,245**	$	91,264

General and administrative expenses saw an overall 242% increase in general and administration costs for the year ended February 28, 2021. The increase in expenditures were due to the increase of corporate activities in connection with the recent option on the Pedra Branca project which included the incorporation of a wholly owned Brazilian subsidiary as well as the Concurrent Financing as described hereinabove.

Categories to note included:

Accounting and legal – legal fees increased in connection with the acquisition and set up of Brazil operations.

Consulting fees – the increase in consulting fees was during the year were in connection to the activities in connection with the Acquisition and Concurrent Financing (See Key Management Compensation).

Website, advertising, shareholder communication – in connection with the re-branding and name change of the Company additional expenditures were incurred for updating of website, marketing and advertising fees.

Office and administration – an increase of office and administrative personnel and corporate office expenditures were incurred in relation the acquisition and financing transactions as well as setting up the administrative offices and personnel in Brazil.

Regulatory and transfer agent fees – an increase in fees was in relation to the increase activity and filings with the Exchange.

Summary of quarterly results

The following is a summary of selected financial data for the Company for the eight most recently completed quarters.

	For the quarters ended			
	February 28 2021	**November 30 2020**	**August 31 2020**	**May 31 2020**
Total interest income	$-	$-	$-	$-
Net loss	($234,007)	($261,807)	(51,425)	(12,399)
Basic and diluted loss per share	($0.00)	($0.01)	($0.00)	($0.00)

	For the quarters ended			
	February 29 2020	**November 30 2019**	**August 31 2019**	**May 31 2019**
Total interest income	$94	$-	$1,378	$8,040
Net loss	(27,135)	($7,675)	($22,409)	($25,968)
Basic and diluted loss per share	($0.00)	($0.00)	($0.00)	($0.00)

Fourth Quarter

During the fourth quarter February 28, 2021, the Company reported a loss of $234,007 (2020 - $27,135) or $0.00 (2020 – $0.00) loss per share. The primary component of the current loss primarily included general and administrative costs of $155,032 and share-based payment expense for vested options of $78,071 during the period.

Other Significant variances to note included:

For the three months ended November 30, 2020, the Company reported a $261,807 net and comprehensive loss or $0.01 basic and diluted loss which was primarily attributed to general and administration costs as described hereinbelow of $103,956 and share-based payments of $157,644 in connection the grant and vesting of stock options during the period.

Liquidity and capital resources

	February 28 2021	**February 29 2020**
Financial position:		
Cash	**$ 1,092,370**	$38,737
Working capital	**$ 642,026**	$(44,754)
Total Assets	**$ 3,386,069**	$1,442,301
Shareholders' equity	**$ 2,900,813**	$1,279,465

As at February 28, 2021 the Company had a working capital of $642,026 (February 29, 2020 – $44,754 deficiency). The increase in working capital was a result of the completions of two private placements for aggregate gross proceeds of $2,000,000.

Additionally, during the year ended February 28, 2021, the Company received a GST refund of $67,565 included in taxes recoverable at February 29, 2020 ($68,391).

Subsequent to February 28, 2021 the Company received a mining exploration tax credit refund of $356,757 for exploration and evaluation expenditures during the years ended February 2020 and 2019.

The Company also received net proceeds of $21,750 pursuant to the exercise of warrants.

Capital expenditures primarily included $935,825 in exploration expenditures on Pedra Branca and Bid Kidd as described hereinabove. Subsequent to February 28, 2021, the Company completed the balance of the Earn-in Expenditures.

The recent financings have strengthened the Company’s balance sheet and provided general working capital and the capital to fund the Earn-In Expenditures of US$1M for the Pedra Branca Property. Additional working capital will be required to complete further exploration programs at Pedra Branca and Big Kidd.

Use of Proceeds

Use of Proceeds received from Financing's	Total
June 2020	**$250,000**
October 2020	**1,750,000**
Less share issue costs	**(86,036)**
Net proceeds	**1,913,964**
Earn-in expenditures for Pedra Branca	**(928,200)**
Exploration expenditures on Bid Kidd	**(7,625)**
Allocated to Pedra Branca - Exploration expenditures	**(338,288)**
Balance to working capital	**$639,851**

The Company has not yet generated revenue to date and the Company's activities have been funded through equity financing and the Company expects it will continue to be able to utilize this source of financing until it develops cash flow from future operations for the advancement of exploration and development of its exploration assets.

There can be no assurance that the Company will be successful in its endeavors. If such funds are not available or other sources of finance cannot be obtained, then the Company will be forced to curtail its activities to a level for which funding is available and can be obtained.

Off balance-sheet arrangements

There are currently no off-balance sheet arrangements and no new information to report since the annual management's discussion and analysis.

Transactions with related parties

a) Key Management Compensation

	February 28 2021	February 29 2020
Key management personnel compensation comprised:		
Consulting fees:	**$110,374**	$25,020
Share based payments:	**206,894**	-
	$317,267	$25,020

- **i)** Consulting fees of $47,250 (2020 – $Nil) were paid or accrued to Douglas Meirelles ("**Meirelles**") or a company controlled by Meirelles, the Company's President and CEO. Mr. Meirelles was appointed as President and CEO effective July 9, 2020.
- **ii)** Consulting fees of $Nil (2020 – $9,750) were paid or accrued to Charlie Cheng, the Company's former President and CEO of the Company. Mr. Cheng resigned as President and CEO effective July 9, 2020 and Mr Meirelles was appointed in his stead.
- **iii)** Consulting fees of $46,686 (2020 – $8,770) were paid or accrued to Minco Corporate Management Inc. ("Minco") a company controlled by Terese Gieselman a director of the Company. Ms Gieselman was appointed CFO effective May 15, 2019.
- **iv)** Administration fees of $16,438 (2020 – $6,500) were paid or accrued to Minco in relation to providing administrative and accounting employment services.
- **v)** Share-based payments are the fair value of options granted to key management personnel.

b) Related Party Liabilities

Amounts due to:	Service for:	February 28 2021	February 29 2020
Minco	Consulting Fees	**$6,928**	**$2,550**
Douglas Meirelles	Consulting Fees	**22,750**	**-**
Golden Ridge Resources Ltd. [1]	Rent & Expenses	**788**	**-**
Total related party payables		**$30,466**	**$2,550**

c) Rent[1]

The Company currently pays Golden Ridge Resources Ltd. (a company with a common officer) rent and expenses on a month-to-month basis for shared offices space at approximately $750 per month for a total $9,000 as at February 28, 2021 (2020 – $9,000).

Critical Accounting Policies and 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 in the period of the change, if the change affects that period only, or in the period of the change and future years, if the change affects both.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of these financial statements are discussed below:

Going Concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgement based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Impairment of Exploration and Evaluation Assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount the Company carries out an impairment test at the cash-generating unit or group of cash-generating unit's level in the year the new information becomes available. Such impairment tests and recoverable value models have a degree of estimation and judgment which may differ in the future.

Valuation of Share-based Payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Mining exploration tax credits

The Company is entitled to refundable tax credits on qualified resource expenditures incurred in Canada. Management's judgment is applied in determining whether the resource expenditures are eligible for claiming such credits and determining an appropriate accrual.

Recent and Future Accounting Pronouncements

Future Accounting Standards

IFRS 17 *Insurance Contracts*

IFRS 17 *Insurance* Contracts ("IFRS 17") is a new standard that requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts*, and related interpretations. This standard will be effective for the Company's annual period beginning July 1, 2021. The Company has assessed that the impact of IFRS 17 on its consolidated financial statements would not be significant.

Financial instruments and other instruments

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 consolidated 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 management. The effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets are reviewed periodically by the Board of Directors if and when there are any changes or updates required.

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.

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 interest rate and commodity price risk.

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 has cash balances and non-interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy. Cash is subject to floating interest rates.

Credit Risk

The Company, as at February 28, 2021, 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.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities may be subject to risks associated with fluctuations in the market prices of the relevant commodities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Foreign Exchange Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar, United States dollar and Brazil Real and other foreign currencies will affect the Company's operations and financial results. The Company does not hold significant monetary assets or liabilities in foreign currencies and therefore is not exposed to significant risks arising from the fluctuation of foreign exchange rates.

Credit risk is the risk of financial loss to the Company if a customer or 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 receivables. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand and receivables are entered into with credit-worthy counterparties.

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

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 endeavour that it will 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. However, circumstances may arise where the Company is unable to meet those goals. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Company would prepare annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, when required the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable and option payment commitments. The Company endeavours not maintain any trade payables beyond a 30-day period to maturity.

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 statements of financial position carrying amounts for trade and other payables and rehabilitation provision 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.

The fair value of cash has been determined by reference to published price quotations in an active market, a Level 1 valuation.

Capital Management

The Company monitors its common shares, warrants and stock options as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met. The Company's capital is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the year ended February 28, 2021.

Outstanding Share Data

South Atlantic's authorized capital is unlimited common shares without par value. As at the date of this report 59,331,667 common shares as issued and outstanding as of the date hereof. Additionally, the Company as at the date of this report had the following outstanding options, warrants and convertible securities as follows:

Type of Security	Number	Exercise price	Expiry Date
Stock Options	945,000	$0.07	Dec-17-2023
Stock Options	300,000	$0.05	July 9, 2025
Stock Options	3,755,000	$0.14	Nov-10-25
Share Purchase Warrants	4,800,000	$0.075	Jun-17-2022
Share Purchase Warrants	8,750,000	$0.15	Oct-08-2022
Agent Warrants	676,250	$0.15	Oct-08-2022

On June 15, 2021, 265,000 agent warrants were exercised at a price of $0.075 for proceeds of $19,875.

On June 15, 2021 15,136,667 share purchase warrants at an exercise price of $0.10 expired without exercise.

Shares in Escrow

As at the date of this report hereof there were no shares held in escrow.

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. The industry is capital intensive and is subject to fluctuations in market sentiment, metal prices, foreign exchange and interest rates. There is no certainty that properties which the Company has described as assets on its balance sheet will be realized at the amounts recorded. The only sources of future funds for further exploration programs or, if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available to the Company are the sale of equity capital or the farm-out, of an interest in its properties to be earned by another party carrying out further exploration or development. Although the Company has been successful in accessing the equity market during the past years, there is no assurance that such sources of financing will be available on acceptable terms, if at all.

The Company's subsidiary SAG currently has 11 employees. All other work is carried out through independent consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities as a result of their work on a project. In certain cases where consultants are unable to carry their own insurance the Company includes such individuals under its coverage.

Pursuant to the Company's Option to acquire the Pedra Branca Property located in Brazil the Company is subject to additional risk factors in relation to operating in a foreign jurisdiction which initially include but are not limited to:

Political stability and government regulations in Brazil

The Company's interests in Brazil that may be affected in varying degrees by political instability, government regulations relating to the mining industry and foreign investment therein, and the policies of other nations in respect of Brazil. Any changes in regulations or shifts in political conditions are beyond Company's control and may adversely affect its business. Company's operations may be affected in varying degrees by government regulations, including those with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, employment, land use, water use, environmental legislation and mine safety. The regulatory environment is in a state of continuing change, and new laws, regulations and requirements may be retroactive in their effect and implementation. The Company's operations may also be adversely affected in varying degrees by political and economic instability, economic or other sanctions imposed by other nations, terrorism, military repression, crime, extreme fluctuations in currency exchange rates and high inflation.

COVID-19 Pandemic Risk - Brazil

The recent outbreak of COVID-19 has had a significant impact on the volatility of USD/BRL exchange rates, and governmental actions to contain the outbreak may impact our ability to continue exploration activities. The global pandemic could cause temporary closure of businesses in regions that are significantly impacted by the health crises, or cause governments to take or continue to take preventative measures such as the closure of points of entry, including ports and borders which could impact our ability to staff operations.

Environmental Compliance.

The Company is currently taking all necessary technical and administrative steps to remain compliant with all licensing and permits required during its current Pedra Branca Project Exploration Licenses development stage. In addition, the Company is now required to conduct an Environmental Impact Study specifically to ANM Process 800.334/1995, moving forward into the mining concession stage.

ANM has issued Ordinance 55/2021 suspending all processual deadlines for mineral processes until June 30th, 2021. Time count restarts from July 1st, 2021.

Going Concern

The Company has not generated revenues from its operations to date. These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the year ended February 28, 2021, the Company had a net loss of $559,638 (February 29, 2020 – $83,187), and as of that date, a working capital of $642,026 (February 29, 2020 - $44,754 deficiency) and an accumulated a deficit of $2,940,606 (February 29, 2020 – $2,380,968). The Company will continue to have to raise funds in order to continue the development of its exploration properties and general operations.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options and share purchase warrants.

Management cannot provide assurance that the Company will ultimately achieve profitable operations or positive cash flow. The Company's continuation as a going concern is dependent on its ability to attain profitable operations and raise additional capital. These matters indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern. The Company's accompanying financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. Such adjustments could be material.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

Other Requirements

Additional disclosure of the Company's material change reports, news release and other information can be obtained under the Company's profile on SEDAR at www.sedar.com.