Management Discussion and Analysis

For the Three Months Ended May 31, 2022

The following management's discussion and analysis ("**MD&A**") has been prepared as of July 25, 2022 and should be read in conjunction with the with the un-audited consolidated condensed interim financial statements for the three months ended May 31, 2022 and comparative period May 31, 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.

Overview Performance and Operations

South Atlantic Gold Inc. (the "**Company**") was incorporated on October 17, 2006 under the laws of British Columbia, Canada under the laws of British Columbia, Canada. On November 19, 2020, the Company changed its name from Jiulian Resources Inc. to South Atlantic Gold Inc. Effective November 24, 2020, the Company commenced trading on the TSX Venture Exchange (the "**Exchange**") under the new symbol "**SAO**" as a Tier 2 issuer 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 South Atlantic Gold has the following wholly owned subsidiaries:

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

Projects and Exploration

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 100% 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**").*

Pedra Branca - Brazil

Pursuant to an option agreement the Company acquired a 100% interest (subject to certain underlying royalties to the original vendors) in the Pedra Branca Property by completing exploration expenditures totaling a minimum of US$1 million and by delivering a National Instrument ("**NI**") 43-101 technical report dated April 25, 2021 and entitled "*Mineral Resource Estimation for the Pedra Branca Gold Project Ceará State – Brazil" authored by Rodrigo Mello, FAusIMM of RBM Consultoria Mineral Belo Horizonte, Brazil* (the "**2021 – NI 43-101 Report**") which is filed under the Company's profile on the SEDAR website at www.sedar.com that outlined the Company's maiden inferred resource.

The inferred resource outlined in the 2021- NI 43-101 Report was completed by the consolidation of historical drilling and Phase 1 Reverse Circulation ("**RC**") drilling results with an average depth of 41.2 meters ("m").

2022 - Exploration & Outlook

Exploration

The Company recently completed a new updated map which illustrates an anomaly resulting from the geophysical magnetic survey alongside with the 33 top intercepts to date from Phases I and II (click here to view map). The potential size and scale of the Pedra Branca project is quickly growing as the consolidation and interpretation of the exploration works continues. The mineralization of a continuous trend is evident. As highlighted in the June 13, 2022 news release (click here to view), new compelling targets were discovered and this work will form the basis for the next phase of exploration over the Mineral Resource area, that remains open in all directions including at depth.

Completed Geophysics Work

The high-resolution geophysics flown over areas of known mineralization presents a unique magnetic signature which extends beyond the limits of the current resource defined by drilling completed to date. Integration of his new data with prior geological information will now allow further refinement and prioritization of targets along the full extent of the controlling structural trend which traverses South Atlantic's tenement package.

New Strike Length

The strike length for the mineralized trend over the resource and main target areas has continued to grow and now stands at 14 kilometers of strike length. Additionally, exploration conducted in both Phase I and II included drilling with an average depth of approximately 40 meters, hence the trend is not only open laterally and throughout its extension but **open at depth**. The map below also highlights an area with no exploration work in conjunction with the **33 highest grade intercepts** that have been released in previous news releases but have not, until now, been exhibited on a map with the geophysical magnetic results.

Government, Permitting and Licenses

On July 22, 2022, the Company announced it had entered into a Memorandum of Understanding Agreement ("**MOU**" or the "**Agreement**") with the government of Ceará State, Brazil to support South Atlantic in the advancement and development of Pedra Branca.

Highlights of the Memorandum of Understanding

- The government of Ceará pledges to support the Company with permitting, license reviews and financial and benefits programs that would advance the construction of a small-scale mining operation at Pedra Branca.
- The Company pledges to work cooperatively to encourage economic growth in the communities surrounding the project area through sustainable ESG programs, local human resources development and local supply chain prioritization, as the project advances.
- The government of Ceará has also pledged to assist South Atlantic with upwards of R$120 million (C$30 million) in direct and indirect funding from activities related to tax-exemption and economic development programs to support the exploration and future construction of the Pedra Branca project.

The impetus behind the government's decision is to help expedite the advancement of the project in the region along with its associated economic development with jobs generation, supply chain development and necessary investments to support the economic endeavor of this project.

For the Pedra Branca asset, the licensing and permitting process of a potential small scale mine will take time. However, with the possibility to receive such non-dilutive funding, the Company will work in parallel to advance its permits and license to unlock the proposed funding. The MOU does not, at this point in time, provide clear and distinct reference to the financing amount that will be in tax-exemptions or the amount of direct non-dilutive funding from the economic development programs. The final amount is defined as part of the licensing and permitting process of the small scale or trial mine, at such point the definition of the total size and necessary estimated funds for the complete endeavor will be made.

See news releases dated July 22, 2022, June 28, 2022, June 13, 2022 and May 6, 2022, further details exploration results to date including QA/QC methods filed under the Company's profile on www.SEDAR.com and the Company's website at: www.southatlanticgold.com

Outlook

The Company will look to finalize consolidation of the recent exploration results in order to better understand the structural controls on gold mineralization, which will enable us to prioritize the best targets for future drilling. This approach is effective on a district-scale asset such as Pedra Branca which extends for 60km covering an area greater than 45,000 hectares.

The MOU with the state government of Ceará represents a pledge to assist, promote and aid the financing for the development of Ceará's first gold mine. Although our short-term exploration programs remain unaffected and while we work on the proper licensing and permitting, this pledge represents a significant step in the Pedra Branca region and, more specifically, a significant leap forward in the development of our asset.

South Atlantic will work to advance its permits and unlock a non-dilutive indicative funding of R$ 120 million ($30 million) which will come from various sources and programs with governmental agencies, ranging from tax-exemption programs to direct funding from economic development funds, all of which can ultimately add to and minimize future dilutive financing of exploration and development activities of our asset Pedra Branca.

In parallel and going forward, the exploration team led by Marcelo Batelochi, Senior Exploration Manager, and the recently formed Technical Committee will continue the exploration activities as per the outlined Phase II plan press released on February 3, 2022 (click here to view), which seeks to advance the exploration and unlock further project value both inside and outside the target areas of the current mining concession. As such, the Company plans to report on additional results from the recent drilling campaign on areas that were previously never tested before, outside the main mining concession areas, in the near future.

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 and Outlook

During Q2 2021 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. ***See news release of June 18, 2021 for additional details on www.SEDAR.com and the Company's website at: www.southatlanticgold.com***

Should additional funds become available the Company's technical team will look to outline an exploration plan and budget to further explore this asset and in the interim the Company is reviewing the merits of a joint venture partner or farm-out option.

Expenditures to date on Exploration and Evaluation Assets include:

	Brazil Pedra Branca	Canada Bid Kidd	Total
Balance as at February 28, 2022	$ 2,353,399	$ 973,057	$ 3,326,456
Exploration Costs			
Assaying	**28,640**	**-**	**28,640**
Drilling	**68,889**	**-**	**68,889**
Field equipment and supplies	**9,093**	**-**	**9,093**
Fieldwork	**167,661**	**-**	**167,661**
Geological	**-**	**-**	**-**
Camp/Site Costs	**26,138**	**-**	**26,138**
Community relations	**41,785**	**-**	**41,785**
GIS mapping	**-**	**-**	**-**
IP Survey & Geophysics	**61,508**	**-**	**61,508**
Land taxes and fees	**-**	**-**	**-**
Vehicles and equipment rental & fuel	**34,230**	**-**	**34,230**
Core shack rental	**-**	**175**	**175**
Travel/Site	**36,982**		**36,982**
Total Exploration costs	**474,925**	**175**	**475,100**
Balance at May 31, 2022	**$ 2,828,324**	**$ 973,232**	**$3,801,556**

Prior Period Expenditures as at February 28, 2022 include:

	Brazil Pedra Branca	Canada Bid Kidd	Total
Balance as at February 28, 2021	$ 928,200	$ 1,322,295	$ 2,250,495
Exploration Costs			
Assaying	201,971	-	201,971
Drilling	111,031	-	111,031
Field equipment and supplies	22,840	-	22,840
Fieldwork	506,107	200	506,307
Geological	65,392	1,949	67,341
Camp/Site Costs	68,770	-	68,770
Community relations	127,162	-	127,162
GIS mapping	39,567	1,080	40,647
IP Survey & Geophysics	18,707	-	18,707
Land taxes and fees	-	-	-
Vehicle and equipment rental & fuel	177,973	1,940	179,913
Core shack rental	-	2,350	2,350
Travel/Site	73,528		73,528
Total Exploration costs	1,413,048	7,519	1,420,566
Recovery of exploration and evaluation asset expenditures	-	(356,757)	(356,757)
Provision	12,152	-	12,152
Balance at February 28, 2022	$ 2,353,400	$ 973,057	$ 3,326,456

Financial Results for the three months ended May 31, 2022 and 2021

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 three months ended May 31, 2022 the Company reported a $92,913 net and comprehensive loss or $0.00 basic and diluted loss per share compared to a $170,008 or $0.00 loss per share for the same comparative period ended May 31, 2021. The primary component of the current period loss was general and administration costs of $76,274 (2021 - $122,642) and share-based payments of $32,760 (2021 - $55,833) in connection with the vesting of stock options. Additionally the Company recorded interest income of $599 (2021 - $3,816).

The summary of general and administrative expenditures included:

	2022 $	2021 $	Variance $
Accounting and legal	**11,619**	7,119	**4,500**
Consulting	**10,601**	8,874	**1,727**
Website, advertising, shareholder communication	**8,282**	8,436	**(154)**
Office and administration fees	**38,721**	91,105	**(52,384)**
Insurance	**4,115**	3,462	**653**
Rent	**1,875**	2,250	**(375)**
Transfer agent fees	**822**	1,396	**(574)**
Travel	**239**	-	**239**
	76,274	122,642	**(46,368)**

General and administrative expenses saw an overall 38% decrease in expenditures noting the following significant variances:

Accounting and legal – increase in costs related primarily to legal fees incurred in parent company for review of agreements and accounting fees incurred in subsidiary for the 2022 audit

Office and administration –. The decrease in expenditures relates to a reduction in scale of activity in administration personnel and expenses for the Brazil subsidiary.

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			
	May 31 2022	**February 28 2022**	**November 30 2021**	**August 31 2021**
Total interest income	**$599**	**$713**	$51	$339
Net loss	**($92,913)**	**($39,329)**	($124,293)	($129,068)
Basic and diluted loss per share	**($0.00)**	**($0.00)**	($0.00)	($0.00)

	For the quarters ended			
	May 31 2021	February 28 2021	November 30 2020	August 31 2020
Total interest income	$3,816	$756	$-	$-
Net loss	($170,008)	($234,007)	($261,807)	(51,425)
Basic and diluted loss per share	($0.00)	($0.00)	($0.01)	($0.00)

Significant variances to note included:

During the fourth quarter February 28, 2022, the Company reported a loss of $39,329 (2021 - $234,007 or $0.00 (2021 – $0.00) loss per share. The primary component of the current loss primarily included general and administrative costs of $77,471 (2021 -$155,032) and share-based payment expense for vested options of $33,813 (2021 - $78,071) during the period. During the current fourth quarter the Company recorded $100,000 (2021 - $Nil) related to Deposit as described hereinabove and also wrote-off certain prior payables of $6,521 (2021 - $Nil).

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

	May 31 2022	February 28 2022
Financial position:		
Cash	**$ 682,432**	**$ 1,266,730**
Working capital	**$ 418,547**	**$ 915,121**
Total Assets	**$ 4,671,046**	**$ 4,693,170**
Shareholders' equity	**$ 4,230,031**	**$ 4,290,164**

As at May 31, 2022 the Company had a working capital of $418,547 (February 28, 2022 – $915,121).

Capital expenditures primarily included $474,925 in exploration expenditures on Pedra Branca as described hereinabove. Additional working capital will be required to complete further exploration programs at Pedra Branca and Big Kidd.

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

Key Management Compensation

	May 31 2022	**May 31 2021**
Key management personnel compensation comprised:		
Consulting fees:	**$34,413**	$28,353
Administration	**1,913**	6,575
Share based payments:	**27,670**	55,833
	$63,995	$90,761

During the three months ended May 31, 2022 and 2021 the Company paid or accrued the following to key management:

i) Consulting fees of $32,500 (2021 – $21,000) to Douglas Meirelles ("**Meirelles**") or a company controlled by Meirelles, the Company's President and CEO.
ii) Consulting fees of $7,863 (2021 – $7,352) to Minco Corporate Management Inc. ("**Minco**") a company controlled by Terese Gieselman a director of the Company.
iii) Administration fees of $1,913 (2021 – $6,575) to Minco in relation to providing administrative and accounting employment services.
iv) Share-based payments are the fair value of options granted or vested to key management personnel.

Related Party Liabilities

Amounts due to:	**Service for:**	**May 31 2022**	**February 28 2022**
Minco	Consulting Fees	**$4,770**	**$2,991**
Golden Ridge Resources Ltd. [1]	Rent & Expenses	**788**	**-**
Total related party payables		**$5,557**	**$2,991**

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 $375 per month effective May 1, 2022 ($750 per month previously) for a total $1,875 for the period ended May 31, 2022 (2021 – $2,250).

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 judgment 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.

Recent and Future Accounting Pronouncements

There have been no accounting pronouncements with significant impact on the Company's consolidated financial statements.

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 May 31, 2022 and February 28, 2022, does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash 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.

Foreign exchange risk

The functional currency of the parent and its subsidiaries is C$. A portion of the Company`s operating expenses are in Brazil Real.

As at May 31, 2022, the Company has not entered into contracts to manage foreign exchange risk.

The Company is exposed to foreign exchange risk through the following assets and liabilities:

	May 31 2022	**February 28 2022**
Cash	**$42,019**	$154,322
Accounts payable and accrued liabilities	**(298,651)**	(279,806)
	$ (256,632)	$(125,484)

As at May 31, 2022, with other variables unchanged, a 5% increase or decrease in value of the Brazil Real against the currencies to which the Company is normally exposed (C$) would result in an increase or decrease of approximately C$2,101 to the net loss for the three months ended May 31, 2022.

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 consolidated 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 period ended May 31, 2022.

Outstanding Share Data

South Atlantic's authorized capital is unlimited common shares without par value. As at the date of this report 94,331,667 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, share purchase warrants and agent warrants as follows:

Share Purchase Warrants

Expiry Date	Exercise Price	Number of Warrants
October 8, 2022	**$0.15**	**8,750,000**

Agents Warrants

Expiry Date	Exercise Price	Number of Warrants
October 8, 2022	**$0.15**	**676,250**
December 17, 2023	**$0.06**	**1,882,800**
		2,559,050

Stock Options

Expiry Date	Exercise Price	Number of Options	Vested and Exercisable	Unvested
December 18, 2023	$0.07	525,000	525,000	-
July 9, 2025	$0.05	300,000	300,000	-
November 10, 2025	$0.14	2,765,000	1,926,667	838,333
January 5, 2027	$0.06	3,560,000	890,000	2,670,000
		7,150,000	3,641,667	3,508,333

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 13 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 three months ended May 31, 2022, the Company had a net loss of $92,913(2021 – $170,008), and as of that date, an accumulated a deficit of $3,496,217 (February 28, 2022 – $3,403,304). 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.