Management Discussion and Analysis

For the Year Ended February 28, 2023

The following management's discussion and analysis ("**MD&A**") has been prepared as of June 26, 2023 and should be read in conjunction with the with the audited consolidated financial statements for the year ended February 28, 2023 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; 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

<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 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**").*

<u>Pedra Branca - Brazil</u>

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 "*<u>Mineral Resource Estimation for the Pedra Branca Gold Project Ceará State – Brazil</u>" 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").

2023 - Exploration & Outlook

Exploration

Results from its Phase II program (see release dated August 31, 2023 and February 3, 2022) include assays from reconnaissance RC drilling which, when combined with geophysical, geochemical sampling of soils and trenches and geological mapping data has, for the first time, informed a comprehensive target generation exercise across the full extent of the Company´s strategic tenement package.

Highlights

- As previously presented, the Phase II Exploration Program incorporated both the requirements of the Brazilian mining agency "Agencia Nacional de Mineraçao or (ANM)", to ensure exploration work was sufficient to maintain the tenements in good standing, as well as to cost effectively complete first pass reconnaissance exploration across the southern section of the entire tenement package.
- Exploration results highlight the presence of the favourable structural, geological, and geochemical trends already identified by prior work extending along the full 60 km strike length influenced by the primary regional structure into areas with no previous work. MAP 1 provides a global view of the currently defined 13 targets (9 new + 4 existing) areas supported by geological interpretation. See ANNEX MAP 1 (Click here to view high resolution map).
- The Phase II exploration program has successfully expanded the priority target portfolio from 4 (including 3 areas with NI 43-101 defined mineral resources) to a new total of 13 areas.
- 15 final exploration reports were filed in May 2022 with the ANM and have been successfully reported as received by ANM.

Structured Exploration Approach

As previously reported in the news release of February 3, 2022 (click here to view release), the Company completed the Phase II Exploration Program which focused beyond the 4 previously identified targets, which included 3 main targets with defined mineral resources (Queimadas, Mirador and Igrejinha) announced June 28, 2021 (click here to view release).

Phase II Exploration focused on extending the southern limits of the main structural trend (N20E). In parallel, work was completed within some 15 tenements that were reaching their ANM expiry date. From this combined work, 9 new high priority targets were successfully identified. These targets were selected and prioritized in terms of a series of selection criteria based on soil sampling and trench rock chip sampling geochemistry and comparative geophysical (magnetics) signatures obtained over known mineralization. A total of 6 of these targets are positioned within the basal volcanic-sedimentary greenstone sequence namely (Mir-Coelho, Barra Nova, Mundo Novo, Cruzeta, Cachoeirinha and Dedezinho) and a further 3 targets occur within the upper greenstone sequence (Várzea Formosa, Moquém Norte and Moquém Sul).

Reconnaissance Trenching

- During Phase 2, a total of 48 trenches were excavated for a total of 9,966 m which provided 5,038 trench channel sample assays as press released on March 9, 2022 (click here to view release).
- To date a total of 22,290 meters of trenches have been excavated and sampled with 17,208 assays consolidated in the database.

- The trenching program has successfully confirmed bedrock sources to surface soil anomalies along the targeted structural trend.
- The consolidated results can be seen on our website (click here to view).

Drone Survey

As reported on June 13, 2022 (click here to view release), the high resolution drone survey at 50-meter line spacing was successful in the identification of magnetic signatures over the current resource area (Igrejinha, Queimadas and Mirador). This information along with the results from Phase I, Phase 2, the geophysical study, and the magnetic survey from Companhia de Pesquisa de Recursos Minerais ("CPRM" or "Geological Survey of Brazil") at a resolution of 500-meter line spacing, formed the base data for target prioritization and selection of initial reconnaissance drilling.

The total area of Pedra Branca is considerably large with more than 46,000 hectares that remain unexplored with few limited soil lines. When considering further exploration in these areas, the Company will continue to make use of cost-effective exploration methods such as unmanned aerial vehicle ("UAV" or "drone") magnetic survey to cover large sections of this unexplored ground. New anomalies are highlighted on ANNEX MAP 2 (click here to view).

Reconnaissance RC Drilling

Within the Phase II prioritized area comprising of 9 tenements and 8 main targets, the Company conducted additional reconnaissance work and drilled a total of 43 shallow RC drill holes up to a maximum 60 meters depth. A total of 1,657 m was drilled collectively with 719 samples assayed with approximately 25% (414m) of total meterage drilled returned anomalous gold assays 20 ppb Au or greater. The table of results is extensive and is available on the following link under (click here to view and scroll down).

The drilling program has in many instances confirmed continuity to depth the mineralization from prior trenching and soil sampling bedrock sources to surface soil anomalism along the targeted structural trend.

Analysis of results demonstrates the similarity and continuity of the geological signatures extending beyond the original 3 targets with defined resources. Interpretation of Phase II data clearly confirms the presence of the geology and structural framework that the Company believes is favorable for the orogenic mineralization styles being targeted along the full extent of the 60km strike length. The Company continues to refine and improve its targeting criteria as further data becomes available and this will drive exploration efforts aimed at the continued identification of additional areas of interest.

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 August 31, 2022, July 22, 2022, June 28, 2022, June 13, 2022 and May 6, 2022 for 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 currently holds a dominant strategic tenement package at Pedra Branca with a potential mineral endowment. When South Atlantic commenced its Phase II Exploration Program there were 4 main targets, including 3 with initial defined mineral resources and as result of the Phase II Exploration Program has produced positive results which have allowed the Company to expand its pipeline of priority targets to a new total of 13 targets. With limited funding, the Company's team has efficiently delivered the new targets in areas that were never explored before while fulfilling the Company's legal obligations with respect to keeping the tenement package in good standing. With no more near-term obligations attached to the tenement portfolio, the Company is well placed to focus on progressing the priority targets through the next important exploration phases toward further discoveries.

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 ("**NSR**") royalty with full buy-back rights. The exploration target at the Big Kidd property is alkali porphyry type copper-gold deposit.

Effective November 4, 2022 the Company entered into an option agreement, further amended on January 4, 2023 to divest its 100% interest of the Big Kidd Project, British Columbia , to Quetzal Copper Limited ("**Quetzal**"), a British Columbia, corporation for a total consideration of $4.8 million and a 2% NSR upon completion of the required milestones (the "**Quetzal Option**").

Quetzal Option Terms

Cash Payments

- Cash payments of $10,000 within 10 days of November 4, 2022 and January 4, 2023, totalling $20,000 (received);
- Cash payments of $20,000 within 10 days of February 28, 2023 (received subsequent to year-end);
- A cash payment totaling $130,000 to South Atlantic, subject to undertaking of equity financing for aggregate gross proceeds of at least $500,000 to be completed on or prior to January 3, 2023 (the "**Qualifying Financing**") by Quetzal (balance due on or before May 29, 2023 subject to Quetzal completing a Qualifying Financing). Subsequent to year-end, Quetzal has not completed the Qualifying Financing and as a result, paid an additional $10,000[1] (received subsequent to year-end);
- $200,000 per year on or before the 1st, 2nd, 3rd and 4th anniversary of the option signing date (November 4th, 2022);
- At the 5-year anniversary of the signing, Quetzal will make a cash payment of $350,000 or if Quetzal is publicly listed on a recognized stock exchange in North America it may elect to issue common shares with a market value of $350,000 to South Atlantic;

[1]In the event Quetzal did not complete the Qualifying Financing on or before May 29, 2023, under the terms of the second amendment the parties have agreed to a further 60 day period for Quetzal to complete the Qualifying Financing wherein Quetzal shall pay to the Company an additional $10,000 per each 30 day period as further consideration.

Further Milestone payments

- Following the completion of 40,000 meters of drilling at Big Kidd, Quetzal will make a payment of $300,000 in cash or shares, at its election (if listed on a recognized stock exchange in North America);
- Following the filing of a Pre-Feasibility Study on Big Kidd, Quetzal will make a cash payment of $1,200,000 in cash or shares, at its election (if listed on a recognized stock exchange in North America);
- Following the filing of a Feasibility Study on Big Kidd, Quetzal will make a payment of $2,000,000 (if listed on a recognized stock exchange in North America);

Net Smelter Royalty

- South Atlantic Gold will retain a NSR of 2% over asset, of which 1% may be bought back by Quetzal for $2 million. In the event that there is a third party offer for such 1% royalty, Quetzal will retain a right of first refusal to purchase the royalty on terms no less favorable than the third party offer to South Atlantic. The remaining 1% royalty will be at South Atlantic's discretion.

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	**37,533**	**-**	**37,533**
Drilling	**67,960**	**-**	**67,960**
Field equipment and supplies	**15,544**	**-**	**15,544**
Fieldwork	**350,193**	**-**	**350,193**
Geological	**-**	**-**	**-**
Camp/Site Costs	**29,604**	**-**	**29,604**
Community relations	**71,790**	**-**	**71,790**
GIS mapping	**1,860**	**-**	**1,860**
IP Survey & Geophysics	**61,432**	**-**	**61,432**
Land taxes and fees	**-**	**-**	**-**
Vehicle and equipment rental & fuel	**49,787**	**10,950**	**60,737**
Core shack rental	**-**	**3,775**	**3,775**
Travel/Site	**86,070**	**-**	**86,070**
Total exploration costs	**771,773**	**14,725**	**786,498**
Option payment received	**-**	**(20,000)**	**(20,000)**
Balance at February 28, 2023	**$ 3,125,172**	**$ 967,782**	**$ 4,092,954**

Prior Year 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	177,972	1,940	179,913
Core shack rental	-	2,350	2,350
Travel/Site	73,528	-	73,528
Total exploration costs	1,413,047	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	$ 2,353,399	$ 973,057	$ 3,326,456

Selected Annual Information

The following table summarizes selected financial data reported by the Company for the years ended February 28, 2023, February 28, 2022 and February 28, 2021. The following annual results are compliant with IFRS.

	Years Ended		
	February 28 2023	February 28 2022	February 28 2021
	$	$	$
Total Revenue	**—**	—	—
Net loss and comprehensive loss	**(523,494)**	(462,698)	(559,638)
Net loss per share basic and diluted	**(0.01)**	(0.01)	(0.01)
Total assets	**4,170,826**	4,693,170	3,386,069
Current liabilities	**(285,564)**	(403,006)	(485,256)
Long term liabilities	**—**	—	—
Shareholders' equity	**3,885,262**	4,290,164	2,900,813

Financial Results for the years ended February 28, 2023 and 2022

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, 2023 the Company reported a $523,494 net and comprehensive loss or $0.01 basic and diluted loss per share compared to a $462,698 or $0.01 loss per share for the same comparative year ended February 28, 2022. The primary component of the current year loss was general and administration costs of $420,522 (2022 - $339,481) and share-based payments of $103,592 (2022 - $187,976) in connection with the vesting of stock options. Additionally, the Company recorded a loss of $2,480 on foreign exchange (2022 - $45,889). Further, the Company recorded interest income of $3,505 (2022 - $4,919) and other income of $Nil (2022 - $100,000) related to a non-refundable deposit (the "**Deposit**") in connection with the negotiations of an option on Big Kidd. However, the terms of the agreement did not come to fruition, and as such, the Deposit was recorded as other income. Lastly, the Company also wrote-off certain prior payables during the current year of $Nil (2022 - $6,521) that were estimated in prior years that did not come to fruition.

The summary of general and administrative expenditures included:

	2023 $	2022 $	**Variance $**
Accounting and legal	**87,564**	67,170	**20,394**
Consulting	**9,806**	52,934	**(43,128)**
Website, advertising, shareholder communication	**40,680**	53,100	**(12,420)**
Office and administration fees	**233,299**	122,859	**110,440**
Insurance	**16,536**	14,470	**2,066**
Regulatory fees	**19,013**	11,806	**7,207**
Rent	**6,500**	9,000	**(2,500)**
Transfer agent fees	**2,985**	5,122	**(2,137)**
Travel	**4,139**	3,020	**1,119**
	420,522	339,481	**81,041**

General and administrative expenses saw an overall 24% increase in expenditures noting the following significant variances:

Office and administration – the increase in costs relates to the reallocation of consulting fees in prior period allocated to wages as well as wages allocated to exploration and evaluation expenditures to administration for personnel in Brazil.

Website, advertising, shareholder communication – the decrease in cost relates to a reduction in marketing consultants engaged.

Rent – the decrease in rent relates to a reduction in monthly rent from $750 to $500 per month effective May 1, 2022.

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 2023	**November 30 2022**	**August 31 2022**	**May 31 2022**
Total interest income	**$236**	$832	$1,838	$599
Net loss	**(199,680)**	(110,717)	(120,184)	($92,913)
Basic and diluted loss per share	**($0.00)**	($0.00)	($0.00)	($0.00)

	For the quarters ended			
	February 28 2022	**November 30 2021**	**August 31 2021**	**May 31 2021**
Total interest income	$713	$51	$339	$3,816
Net loss	($39,329)	($124,293)	($129,068)	($170,008)
Basic and diluted loss per share	($0.00)	($0.00)	($0.00)	($0.00)

Fourth Quarter:

During the fourth quarter February 28, 2023, the Company reported a loss of $199,680 (2022 - $39,329 or $0.00 (2022 – $0.00) loss per share. The primary component of the current loss primarily included general and administrative costs of $185,917 (2022 - $77,471) and share-based payment expense for vested options of $8,379 (2022 - $33,813) during the period. During the prior fourth quarter the Company recorded $100,000 related to Deposit as described hereinabove and also wrote-off certain prior payables of $6,521.

Liquidity and capital resources

	February 28 2023	**February 28 2022**
Financial position:		
Cash	**$18,634**	**$1,266,730**
Working capital	**$(252,222)**	**$902,969**
Total Assets	**$4,170,826**	**$4,693,170**
Shareholders' equity	**$3,885,262**	**$4,290,164**

As at February 28, 2023 the Company had a working capital deficiency of $252,222 (February 28, 2022 – working capital of $902,969).

Capital expenditures primarily included $394,026 in exploration expenditures on Pedra Branca as described hereinabove. Additional working capital will be required to complete further exploration programs at Pedra Branca. The Company anticipates the closing of the Quetzal Option on or before June 30, 2023 and receipt of a further $140,000 in cash payments.

Subsequent to February 28, 2023 the Company on March 21, 2023 the completed a non-brokered private placement financing wherein the Company issued 5,100,000 common shares (the "**Shares**") at a price of $0.05 for gross proceeds of $255,000 (the "**Offering**").

In connection with the Offering the Company has paid aggregate finders' fees of $12,000 in cash and issued 240,000 finders warrants ("**Finder Warrant**"). Each Finder Warrant entitles the holder to acquire one additional Common Share at a price of $0.055 per share until March 21, 2025.

As at February 28, 2023, the Company had received a total of $15,000 in subscriptions relating to the private placement, representing commitments from investors to purchase Shares in the private placement offering.

Proceeds raised from the Offering will be used by the Company for general working capital and administrative purposes.

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

The Company's related parties include key management personnel and directors. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

Direct remuneration paid to the Company's directors and key management personnel during the years ended February 28, 2023 and 2022 are as follows:

	February 28 2023	February 28 2022
Key management personnel compensation comprised:		
Wages	**$127,408**	$ -
Consulting fees	**83,073**	37,303
Administration	**9,438**	90,245
Share-based payments	**88,565**	181,785
	$308,484	$309,333

Rent

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 $500 per month effective May 1, 2022 ($750 per month previously) for a total $6,500 for the year ended February 28, 2023 (2022 – $9,000).

Related Party Liabilities

Amounts due to:	Service for:	February 28 2023	February 28 2022
Minco	Consulting & Admin Fees	**$6,364**	**$2,991**
Douglas Meirelles	Consulting Fees	**46,618**	**-**
Total related party payables		**$52,982**	**$2,991**

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 February 28, 2023 and 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 not significant.

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 functional currency of the parent and its subsidiaries is Canadian dollars. A portion of the Company`s operating expenses are in Brazilian Real.

As at February 28, 2023, 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:

	February 28 2023	**February 28 2022**
Cash	**$752**	$154,322
Accounts payable and accrued liabilities	**(96,044)**	(279,806)
	$(95,292)	$(125,484)

As at February 28, 2023, with other variables unchanged, a 5% increase or decrease in value of the Brazilian Real against the currencies to which the Company is normally exposed to Canadian dollars would result in an increase or decrease of approximately $4,764 (2022 - $6,700) to the net loss for the year ended February 28, 2023.

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 to 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 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.

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, 2023.

Outstanding Share Data

South Atlantic's authorized capital is unlimited common shares without par value. As at the date of this report 99,431,662 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:

Agents Warrants

Expiry Date	Exercise Price	Number of Warrants
December 17, 2023	**$0.06**	**1,882,800**
March 21, 2025	**$0.055**	**240,000**
		2,122,800

Stock Options

Expiry Date	Exercise Price	Number of Options	Vested and Exercisable	Unvested
December 18, 2023	**$0.07**	**355,000**	**355,000**	**-**
July 9, 2025	**$0.05**	**300,000**	**300,000**	**-**
November 10, 2025	**$0.14**	**2,490,000**	**2,490,000**	**-**
January 5, 2027	**$0.06**	**3,460,000**	**1,680,000**	**1,780,000**
May 11, 2028	**$0.05**	**1,810,000**	**603,333**	**1,206,667**
		8,415,000	**5,428,333**	**2,986,667**

On May 11, 2023 the Company issued, 2,360,000 Deferred Share Units and 180,000 Restricted Share Units.

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 2 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.

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, 2023, the Company had a net loss of $523,494 (2022 – $462,698), and as of that date, an accumulated a deficit of $3,926,798 (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.