PACIFIC BAY MINERALS LTD.

(the “Company” or “Pacific Bay”)

FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS

For the Six Months Ended June 30, 2022

The following management discussion and analysis (“MD&A”) has been prepared by management as of August 29, 2022, and should be read in conjunction with the unaudited interim consolidated financial statements and related notes of the Company for the six month period ended June 30, 2022, and the audited consolidated financial statements of the Company and related notes for the year ended December 31, 2021. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All amounts are stated in Canadian dollars unless otherwise indicated.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking information and statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions as at the date of this MD&A. The words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential”, “interprets”, “may”, “will” and similar expressions identify forward-looking statements. Information concerning the interpretation of drill results may also be considered a forward-looking statement; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The forward-looking statements reflect the current beliefs of the management of the Company, and are based on currently available information. Readers are cautioned not to place undue reliance on these statements as they are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, such forward-looking statements. The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

OVERVIEW

Pacific Bay Minerals Ltd. (the "Company") was incorporated under the laws of British Columbia, Canada and maintains its head and registered office at Suite 488, 1090 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3V7. The Company is primarily engaged in the acquisition, exploration, and development of mineral properties in Canada. The Company is listed on the TSX Venture Exchange (TSX-V) under the symbol “PBM” as a Tier 2 mining issuer.

Key activities of fiscal 2022

- In January 2022, the Company announced that it has acquired an additional 730 hectares land position at the Wheaton Creek Gold Project adjoining the southern limit of the existing mineral tenures held via staking.

- On February 25, 2022, Guilford H. Brett, a long-time director of the Company, passed away. Mr. Guilford H. Brett made valuable contributions during his tenure of over three decades with the Company and he is missed by all.

- On March 23, 2022, the Company entered into a letter agreement with Brixton Metals Corp. ("Brixton") to acquire an option to purchase up to a 100% interest in the Atlin Goldfields Project, located in Northwest British Columbia. The transaction is subject to the completion of a definitive option agreement, the completion of a financing of at least $500,000 by the Company, and the approval of the TSX-V.

- On March 23, 2022, in connection with the Atlin Goldfield agreement, the Company also announced a non-brokered private placement of up to 5,000,000 units at $0.10 per unit for aggregate gross proceeds of up to $500,000. Each unit will consist of one common share and one common share purchase warrant of the Company. Each Warrant will entitle the holder to purchase one common share of the Company at an exercise price of $0.15 per common share for a period of one year from the date of issuance.

- On May 4, 2022, the Company signed a definitive option and joint venture agreement with Brixton on the Atlin Goldfields project. The agreement remains subject to the completion of a $500,000 financing by the Company and receiving approval from the TSX-V.

- On July 21, 2022, the Company announced the closing of the definitive option and joint venture agreement with Brixton to acquire up to a 100% interest in the Atlin Goldfields Property.

- On July 21, 2022, concurrent with closing of the Atlin agreement, the Company closed a private placement of 7,365,873 units at a price of $0.07 per unit for gross proceeds of $515,611. Each unit is comprised of one common share and one share purchase warrant; each share purchase warrant entitles the holder to acquire one additional non-flow-through share at a price of $0.10 until July 20, 2025.

- On July 21, 2022, the Company announced the appointment of Antonio Vespa, P.Eng., as President, Chief Executive Officer and Director of the Company. David H. Brett, long time President and CEO of the Company, remains with the Company as non-executive Chair of the Board. The Company also announced the appointment of Cameron MacDonald to the board of directors.

- On July 21, 2022, the Company announced that it has entered into an investor relations services agreement with NAI Interactive Ltd. of Vancouver ("NAI") whereby NAI will provide investor communications services to PBM for a period of 6 months for a one-time fee of $15,000.

Impact of Covid-19

In March 2020 the World Health Organization declared the outbreak of the novel coronavirus ("COVID-19") a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. As at December 31, 2021, we have not observed any material impairments of our assets or a significant change in the fair value of assets, due to the COVID-19 pandemic. The situation is dynamic and the ultimate duration and magnitude of the impact of the outbreak on the economy and its financial effect on the Company's business, financial position, and operating results remain unknown at this time. These impacts could include the ability of the Company to raise capital or the impairment in the value of the Company's long-lived assets. The Company is closely monitoring the impact of the pandemic on all aspects of its business and adapting its business plans accordingly.

EXPLORATION ACTIVITIES

Atlin Goldfields Property, British Columbia

Subsequent to the end of the period, as announced March 24, 2022, the Company has signed a Letter of Intent whereby the Company has an option to acquire up to a 100% interest in the Atlin Goldfields property located in Northwestern British Columbia from Brixton Metals Corp. On July 27, 2022, the Company closed the acquisition of the option agreement with Brixton Metals Corp. The terms of the proposed option agreement are as follows:

Event	Cash	Shares	Exploration Expenditures
Upon Signing (Paid)	$ 25,000		
Signing of Definitive Agreement	$ 100,000	1,000,000	
1st Anniversary	$ 200,000	1,000,000	$ 500,000
2nd Anniversary	$ 250,000	1,000,000	$ 1,000,000
3rd Anniversary	$ 500,000	1,000,000	$ 1,000,000
4th Anniversary *	$ 650,000	1,250,000	$ 1,000,000
5th Anniversary	$ 500,000	1,000,000	$ 1,000,000
6th Anniversary	$ 500,000	2,000,000	$ 1,000,000
7th Anniversary **	$ 500,000	2,000,000	$ 1,500,000
*** 51% Earned**	**$ 1,725,000**	**5,000,000**	**$ 3,500,000**
**** 100% Earned**	**$ 1,500,000**	**5,000,000**	**$ 3,500,000**

If Pacific Bay exercises the 51% earn-in and elects to not exercise the remaining 49% earn-in, Pacific Bay and Brixton will enter a joint venture whereby Pacific Bay will own 49% and Brixton 51%. Upon completion of the option agreement, Brixton is entitled to a 2% NSR, of which 1% may be purchased for $2,500,000.

The Property is situated in Northwest British Columbia, east of the town of Atlin, consisting of a district scale 93,698 hectares reducing to 59,569 hectares of mineral tenures after April 7, 2022. The surrounding infrastructure offers excellent access to the project through its local airstrip, year-round Provincially maintained highway between the town of Atlin and the Property, and gravel roads to the majority of showings on the claim. The property is approximately 175 km by government-maintained highway southeast of Whitehorse, Yukon, which offers daily flights from Vancouver, BC and Calgary, AB; and 249 km east of the Skagway Port.

The Atlin gold camp is the second largest gold placer producer in British Columbia with over 600,000 troy ounces of gold produced between 1898 and 1945, predominantly in Pine, Spruce, and Otter creeks. For decades, the source of the placer gold was not fully understood. In the late 1980's, Homestake Mineral Developments, conducted ground magnetic geophysical surveys over the Yellowjacket zone that outlined a possible fault zone associated with the boundary of the Cache Creek ultramafic complex, which was located directly underneath the placer operations. Subsequently, diamond drilling discovered an orogenic sheared-hosted mesothermal gold zone. This type of mineralization often displays nugget-like gold within quartz-filled shear zones similar to mines such as Bralorne, Cassiar, and Sheep Creek in British Columbia and the Motherlode mine in California. Since then, several exploration companies have explored the area, particularly the Yellowjacket zone, where extensive drilling has taken place. The Yellowjacket target is a permitted 200 ton per day mine. Brixton initially acquired the property in 2016 and over the years consolidated the mineral tenures into one land package while also completing over 5,000 surface and soil samples, property wide high resolution airborne magnetic survey, and 1,599 metres of diamond drilling in 22 holes. Overall, the Property hosts 24 mineral occurrences of which 17 are associated with gold.

Historical drilling at Yellowjacket totals 25,767 metres distributed over 319 holes with several holes yielding excellent gold results. Select historic drill holes are shown in the table below.

Hole ID	From (m)	To (m)	Interval (m)	Au (gpt)
YJ03-01	11.28	74.07	62.79	49.80
including	*13.94*	*15.62*	*1.68*	*1671.54*
including	*35.66*	*44.50*	*8.84*	*20.12*
YJ04-01	92.00	93.50	1.50	43.23
YJ04-07	20.00	60.96	40.96	6.48
including	*53.40*	*54.45*	*1.05*	*221.13*
YJ04-20	9.75	146.00	136.25	1.36
including	*140.00*	*141.00*	*1.00*	*142.40*
YJ04-22	8.69	125.58	116.89	0.94
YJ04-29	67.20	70.50	3.30	18.35
YJ04-35	104.25	109.30	5.05	12.21
YJ04-37	109.00	110.50	1.50	8.08
TW05-02 (twinned Y03-01)	10.67	71.32	60.65	14.25
including	*10.67*	*12.79*	*2.12*	*288.22*
including	*37.50*	*38.50*	*1.00*	*86.83*

Summary of historical drilling at the Yellowjacket mine.

In 2010, Eagle Plains Resources Ltd. and Prize Mining Corp., completed a resource estimate for the Yellowjacket mine, information regarding the resource is found in the report titled "Technical Report Yellowjacket Gold Project " prepared by Linda Dandy and B.J. Price Geological Consultants Inc., dated January 27, 2010.

2010 Historic Mineral Resource Estimate - Yellowjacket Mine				
Class	Tonnage	Gold (g/t)	Ounces	Cut-off Grade (g/t)
Inferred	133,000	5.8	24,000	1.5

Summary of historical mineral resource estimate at the Yellowjacket Mine from 2010.

A qualified person representing Pacific Bay has not done sufficient work to classify the historic estimate as current mineral resources or mineral reserves. As such the issuer, Pacific Bay, is not treating this historical estimate as current mineral resources or mineral reserves.

Management has an exploration program planned for the year 2022 which includes diamond drilling in the Yellowjacket deposit along with detailed airborne magnetic survey over the Union and LD prospects. Mobilization of a diamond drilling rig has been complete with the rig on site and technical personnel have been chosen to carry out the program. The commencement of the program is pending financing, management is currently seeking to raise funds to fund part or all of the program for the year.

Haskins-Reed Property, British Columbia

The Company owns a 100% interest in the Haskins-Reed property located in the Cassiar Mining District of North Central British Columbia. The property, situated just off Highway 37, on Mount Haskins and Mount Reed, hosts numerous skarn, replacement and porphyry-style mineral occurrences. The property is subject to a 2% net smelter returns royalty ("NSR").

During 2008, the Company completed an airborne geophysical survey of the Haskins-Reed Property which revealed numerous anomalies, the most important of which is a major, NE/SW trending magnetic anomaly in parallel to previous skarn and intrusive hosted mineralization. Ground follow up of the anomaly discovered a new showing called the Mee.

In June 2009, the Company completed a trenching, soil sampling and geological exploration program at the Haskins-Reed Property. During the year ended December 31, 2010, excavator trenching was completed which outlined a significant new zone of silver, lead, zinc and minor gold mineralization located on the Crown Grants.

During 2011, diamond drilling and trenching program was completed on the Property with significant intercepts of mineralization encountered. The diamond drilling program completed 11 diamond drillholes totalling 1,261 metres targeting the Meteor, L303, Boot, and B-Zone zones. The B-Zone illustrated high grade intercepts of zinc and silver, which included drillhole 11BZ-10 with an intercept of 13.95 metre core length grading 102.59 g/t silver and 4.96% zinc. The Meteor zone also returned high grade intercepts of silver and zinc, which included drillhole 11MZ-07 with an intercept of 17.5 metre core length grading 88.35 g/t silver and 3.39% zinc. The trenching program completed 214 metres focusing on the Meteor zone and successfully exposed the zone at surface with mineralized widths between 4 and 16 metres.

Hole ID	From	To	Total	Silver	Lead	Zinc	Copper	Bismuth	Molybdenum
	(m)	(m)	core (m)	(g/t)	(%)	(%)	(%)	(%)	(%)
11MZ-05	23.9	30.6	4.45			6.7			
11MZ-07	4.85	22.35	17.5	88.35	1.11	3.39			
11MZ-08	5.1	13.9	8.8	51.05		2.51			
11BZ-09	196.3	199.4	3.1	90.6		7.1	0.49	0.53	
11BZ-09	205.7	218.95	13.25	18.52			0.41		
including	205.7	209.95	4.25					0.22	
11BZ-10	182.1	196.05	13.95	102.59		4.96	0.52	0.29	
including	193.25	196.05	2.8						0.0018

2011 Diamond Drilling Program Significant Results

In 2014, the company completed a 6-hole diamond drilling program totalling 409 metres targeting the Brett Zone. The drilling program successfully encountered zinc and magnetite mineralization in 5 of 6 drillholes. Drilling results included an intercept of 9.70 metres core length grading 7.265% zinc from drillhole 14-02.

Hole ID	From (m)	To (m)	Length (m)	Zn (%)	Cu (%)	W (%)	Bi (%)
14-02	15.8	64.4	48.6	2.31			
including	15.8	29.5	13.7	2.33			
including	54.7	64.4	9.7	7.27			
14-03	9.5	39.9	30.4	1.47			
including	9.5	20.1	10.6	2.35			
14-03	29.7	39.9	10.2	1.92	0.21	0.15	0.04
14-05	10.2	36.2	26	1.08			
including	10.2	22.2	12	1.43			
14-06	10.5	50	39.5	1.48			
including	10.5	31.75	21.25	1.6			
including	25.4	29.75	4.35	6.21			
including	36	50	14	1.74			

2014 Diamond Drilling Significant Results

Owing to the risks associated with difficult market conditions and the related difficulty in raising capital, the Company recognized an impairment charge of $269,803 during the year ended December 31, 2017.

In September 2018, the Company conducted a diamond drill program, using a low-impact, highly portable rig to test targets near the Meteor Zone, where 2011 drill hole 11MZ-07 encountered 17.5 metres grading 88.35 g/t silver, 1.11% lead and 3.39% zinc. A total of 7 drillholes totalling 448.2 metres of drilling were completed for the 2018 season. Details of the drilling results can be found in the Company's news release on January 25, 2019.

Hole ID	From	To	Interval	Ag	Pb	Zn	Cu	Bi
	(m)	(m)	(m)	(g/t)	(%)	(%)	(%)	(%)
18MZ-01	32.3	33.5	1.2	40.1	0.459	1.795	0.038	0.022
18MZ-02	37.25	39.8	2.55	11.57	0.117	2.944	0.027	0.005
18MZ-03	6.5	11.7	5.2	35.83	0.683	6.204	0.206	0.011
18MZ-04	13.3	13.9	0.6	32.3	0.093	8.55	0.147	0.236
18MZ-04	19.8	23.2	3.4	45.91	2.69	2.195	0.113	0.007
18MZ-06	14.1	16.3	2.2	148.36	4.789	6.752	0.352	0.033
18MZ-06	22.9	24.2	1.3	76.4	1.495	2.14	0.123	0.017
18MZ-07	11.8	17.9	6.1	56.54	1.896	2.637	0.159	0.019
18MZ-07	21.8	22.6	0.8	157	1.19	4.32	0.725	0.04

2018 Diamond Drilling Significant Results

No new field work was conducted during fiscal 2019 due to lack of funding. The Company expanded the Haskins-Reed Property by approximately 20% via staking several additional mineral claims covering prospective areas that had previously been held by other parties but allowed to lapse.

Management is confident that the Haskins-Reed Property remains a property of significant merit with excellent exploration potential and is seeking to fund further exploration through equity financing or through partnerships with other mining companies.

In order to ensure that the Haskins-Reed Property remain in good standing, in lieu of completing assessment work, during the period the Company acquired $380,000 in Portable Assessment Credits from a third party exploration company for $13,300 in cash and applied these work credits to the Haskins-Reed Property, which now is in good standing until June of 2024.

Weaver Lake (formerly Lode Gold) Property, British Columbia

On February 25, 2014, the Company entered into an option agreement to acquire a 100% interest in the Weaver Lake claims located in the New Westminster Mining Division of British Columbia. The Weaver Lake Gold property, approximately 1.5-hour drive from Vancouver, is accessible via highway and all weather roads and can be worked on year-round. On January 18, 2018, the Company made the final option payment and acquired a 100% interest in the property. The property is subject to a 3% NSR and the Company has the option to purchase up to 2% NSR at a price of $1,500,000 for each 1% NSR. The Company was also granted a right of first refusal to purchase the remaining 1% NSR.

The Weaver Lake Gold property hosts quartz stock-work style hydrothermal gold prospect with a history of exploration, including underground workings and a number of drilling campaigns. A 1996 seven-hole diamond drilling program on the Weaver Lake Gold property reportedly intersected significant gold mineralization, including 8.61 g/t Au and 46.2 g/t Ag over a drilling interval of 3.05 metres and 4.68 g/t Au and 383.7 g/t Ag over a drilling interval of 6.10 metres.

In October 2018, the Company completed two diamond drillholes at its Weaver Lake Gold property. The drillholes targeted a previously identified high grade gold bearing quartz vein. On August 12, 2019, the Company reported the first drillhole returned assays of 2 g/t gold and 13.71 g/t silver over 4.61 metres. The second drillhole returned no significant assays. No new additional exploration work has been carried out since 2019 due to a lack of funding. Management is evaluating strategic options for the Weaver Lake Property.

Wheaton Creek (formerly Boulder) Gold Property, British Columbia

On February 25, 2014, the Company entered into an option agreement to acquire a 100% interest in the Wheaton Creek claims located in the Stikine Mining Division of British Columbia. On April 5, 2018, the Company made the final option payment and acquired a 100% interest in the property. The property is subject to a 3% NSR and the Company has the option to purchase up to 2% NSR at a price of $1,500,000 for each 1% NSR. The Company was also granted a right of first refusal to purchase the remaining 1% NSR.

The Wheaton Creek property hosts potential for mesothermal quartz carbonate gold mineralization. The geology consists of Cache Creek Ultramafic ophiolite complex fault bounded by Kedahda metasediments to the east. The geology and mineralization potential are similar and along trend with the Atlin Mining Camp's Yellowjacket deposit situated approximately 240 km northwest of Wheaton Creek. During the 2014 season, the Company completed a 246-metre diamond drill hole at its 100% optioned Wheaton Creek Gold Property. The drill hole was collared on weakly pyritized clastic metasedimentary rocks exposed by recent placer gold mining. The lower half of the drill hole encountered highly-altered, quartz-veined and sulphide-rich metasedimentary rocks. Results of this drilling yielded no significant mineralization. On June 17, 2021, the Company completed a high-resolution airborne geophysics survey over the entire property totalling 305-line kilometres flown at 100-metre spacings. The survey program consisted of magnetic, radiometric, and VLF-EM surveys. The magnetic survey yielded a distinctive magnetic high anomaly interpreted to be the Cache Creek Ultramafic with an adjacent relatively thick magnetic low anomaly which may be indicative of a hydrothermal altered fault contact. The low magnetic signature is prospective for gold mineralization.

A full geophysics interpretation along with magnetic 3D inversion was completed in September 2021. The objective of the analysis was to produce a 3-D susceptibility model and identify geophysical areas of interest (GAI) with potential for gold mineralization. This process has identified several targets. The highest priority target identified was GAI-10 where a strong radiometric anomaly coincided with the 1986 drillhole, 86-01, which contained visible gold.

On January 31, 2022, the Company increased its land package at the Wheaton Creek Property by staking an additional contiguous 730 hectares of mineral tenures, increasing the land package from 3,020 hectares to 3,750 hectares. The mineral tenures adjoin the southern limits of the existing group of claims, encompassing the extension of the ophiolite ultramafic-sedimentary fault boundary and the Shea gold placer mine site, where the Turnagain gold nugget was discovered, the fourth largest gold nugget discovered in British Columbia.

Management has identified several of the geophysical areas of interests as good candidates for soil sampling and is seeking to fund further exploration through equity financing or through partnerships with other mining companies.

Qualified Person

The technical contents in this document have been reviewed and approved by Sebastien Ah Fat, P.Geo., a qualified person as defined by National Instrument (NI) 43-101.

DISCUSSION OF OPERATIONS

Pacific Bay is an exploration stage company and has no operating revenue. Expenditures related to exploration and evaluation assets are capitalized and a breakdown is provided in Note 5 to the consolidated financial statements. During the six months ended June 30, 2022, the Company incurred $38,300 (2021 - $nil) in acquisition and claim maintenance costs and $43,516 (2021 - $11,814) in exploration expenditures.

Three month period ended June 30, 2022

During the three months ended June 30, 2022, the Company reported a net loss of $58,658 compared to a net loss of $54,129 incurred in the three months ended June 30, 2021. The loss in the 2022 quarter related primarily to general operating expenses of $68,702 (2021 - $54,280), partially offset by gain of $10,000 from sale of a mineral claim. The increase in general operating expenses from the 2021 comparative period was mainly due to the increased acquisition and exploration activities during the current quarter.

Six month period ended June 30, 2022

During the six months ended June 30, 2022, the Company reported a net loss of $119,429 compared to a net loss of $107,318 incurred in the six months ended June 30, 2021. The loss in the 2022 period relates primarily to general operating expenses of $129,477 (2021 - $107,469), partially offset by gain of $10,000 from sale of a mineral claim. The general operating expenses were generally consistent with the 2021 comparative period. Some of the significant general operating expense items are summarized as follows:

- Consulting fees of $15,000 (2021 - $15,000) include mainly fees to the Company's Chief Financial Officer on corporate administrative work.
- Filing and transfer agent fees of $16,106 (2021 - $11,220) has increased from the prior period due to additional filing costs related to the Atlin property acquisition.
- Management fees of $72,000 (2021 - $54,000) relate to accrued fees to three officers of the Company. The Company has entered into a service agreement with the three officers for a total monthly fee $12,000.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited consolidated financial information for the Company's eight most recent quarters ending with the last quarter for the three month period ended June 30, 2022.

	For the Three Months Ended							
	Fiscal 2022		**Fiscal 2021**				**Fiscal 2020**	
	Jun. 30, 2022	**Mar. 31, 2022**	**Dec. 31, 2021**	**Sept. 30, 2021**	**Jun. 30, 2021**	**Mar. 31, 2021**	**Dec. 31, 2020**	**Sept. 30, 2020**
	($)	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**
Total revenues	-	-	-	-	-	-	-	-
Net income (loss)	(58,658)	(60,775)	(102,807)	(41,841)	(54,129)	(53,189)	(54,435)	(277,952)
Net income (loss) per share - basic and diluted	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.02)

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2022, the Company had a cash balance of $28,144, a decrease of $96,302 from the cash balance of $124,446 on December 31, 2021. The Company spent $56,378 in operating activities. The Company's investing activities include $43,185 spent on its exploration assets. The Company received $3,261 of advances from related parties.

The Company had working capital deficiency of $1,143,678 as at June 30, 2022 compared to working capital deficiency of $945,183 as at December 31, 2021.

At present, the Company does not have sufficient capital resources to pay for its operating expense for the next 12 months. On July 20, 2022, the Company completed a private placement of 7,365,873 units at a price of $0.07 per unit for gross proceeds of $515,611. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Going Concern

At present, the Company's operations do not generate cash flow and its financial success is dependent on management's ability to continue to raise adequate financing on reasonable terms and to commence profitable operations in the future. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position. The Company's consolidated financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

	June 30, 2022	December 31, 2021
Amounts due to related parties		
David H. Brett, President and Chief Executive Officer ("CEO")	$ 91,325	$ 91,325
Guilford H. Brett, former Director and Chairman	186,757	180,632
Leanora Brett, Chief Financial Officer ("CFO")	125,224	111,724
Sebastien Ah Fat, Vice President of Exploration	145,500	123,000
Antonio Vespa, Director and Vice President of Operations	145,500	123,000
Helder Carvalho, Vice President of Corporate Development	145,500	123,000
	$ 839,806	$ 752,681
Loans payable to related parties		
Guilford H. Brett, former Director and Chairman	$ 102,935	$ 102,935
Leanora Brett, CFO	42	814
Sebastien Ah Fat, Vice President of Exploration	2,005	-
Antonio Vespa, Director and Vice President of Operations	1,121	-
Helder Carvalho, Vice President of Corporate Development	907	-
Alan Qiao, a significant shareholder	4,000	4,000
	$ 111,010	$ 107,749

Amounts due to related parties are for accrued management fees and loan interest and are unsecured, non-interest bearing, and have no specific terms of repayment. During the year ended December 31, 2020, the President and CEO of the Company and the former director and Chairman of the Company assigned amounts due to them totalling $75,000 equally between the Vice President of Exploration of the Company, the Director and Vice President of Operations and the Vice President of Corporate Development. During the year ended December 31, 2021, the President and CEO of the Company and the former director of the Company assigned additional $150,000 equally between the Vice President of Exploration of the Company, the Director and Vice President of Operations of the Company and the Vice President of Corporate Development of the Company.

At June 30, 2022, a total of $22,927 (December 31, 2021 - $22,927) owing to companies controlled by a significant shareholder of the Company is included in trade and other payables.

Included in loans payable to related parties is a loan of $85,000 from the former director and Chairman of the Company, which is unsecured and bears interest at 7% per annum. As at June 30, 2022, the accrued interest on the loan was $96,125 (December 31, 2021 - $90,001). The repayment date of the loan has been extended to December 31, 2022. The remaining loans payable to related parties are advances from related parties and are unsecured, non-interest bearing, and have no specific terms of repayment.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel during the six month periods ended June 30 is as follows:

		2022		2021
Management fees	$	72,000	$	54,000
Consulting fees		15,000		15,000
Geo-consulting services		4,344		-
Share-based payments		-		-
Total	$	91,344	$	69,000

The Company entered into the following transactions with related parties during the six month period ended June 30, 2022:

a) Paid or accrued consulting fees of $15,000 (2021 - $15,000) to the CFO of the Company for corporate consulting services provided.
b) Paid or accrued management fees of $72,000 (2021 - $54,000) to three officers of the Company for management services provided.
c) Paid or accrued consulting fees of $4,344 (2021 - $nil) to an officer of the Company for geological consulting services provided.

On September 17, 2020, the Company entered into an agreement with the VP of Exploration of the Company, the Director and VP of Operations of the Company, and the VP of Corporate Development of the Company for operation and geological services for a monthly fee of $3,000, plus applicable taxes, each. The monthly fees for each officer will increase at a rate of $1,000 per year to a maximum of $7,000 per month. The monthly fees increased to $4,000 per month beginning October 2021.

SUMMARY OF OUTSTANDING SHARE DATA

The Company’s issued and outstanding share capital as at the date of this report is as follows:

(1) Authorized: unlimited number of common shares with no par value.
(2) As at August 29, 2022, the Company has 25,266,584 common shares, 1,400,000 stock options and 7,752,423 warrants issued and outstanding.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

i) The determination of the fair value of share-based payments, including stock options and finders' warrants, using stock option pricing models, require the input of highly subjective assumptions, including the expected share price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.

ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

New accounting policies

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows: cash, trade and other payables, loan payable, amounts due to related parties and loans payable to related parties are measured at amortized cost.

The carrying amount of cash, trade and other payables, amounts due to related parties, and loans payable to related parties carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments and/or the rate of interest being charged.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company performs cash flow forecasting for each fiscal year to ensure sufficient cash is available to fund its projects and operations. As at June 30, 2022, the Company had a cash balance of $28,144 and current liabilities of $1,177,048. The Company's financial liabilities include accrued expenses and trade and other payables which have contractual maturities of 30 days or are due on demand. Amounts due to related parties and loans payable to related parties are due on demand.

At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements and related party loans. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Interest rate risk

The Company is exposed to interest rate risk arising from the cash maintained at Canadian financial institutions. The interest rate risk on cash is not considered significant due to their short-term nature and maturity.

RISK AND UNCERTAINTIES

Operating Hazards and Risks

Mineral exploration involves many risks. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the conduct of exploration programs.

Environmental Factors

The Company currently conducts exploration activities in the Canadian Province of British Columbia. Such activities are subject to various laws, rules and regulations governing the protection of the environment. In Canada, extensive environmental legislation has been enacted by federal and provincial governments. Such legislation imposes rigorous standards on the mining industry to reduce or eliminate the effects of waste generated by extraction and processing operations and subsequently deposited on the ground or emitted into the air or water.

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed properties and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The cost of compliance with changes in governmental regulations has the potential to preclude entirely the economic development of a property.

The Company is able to conduct its exploration within the provisions of the applicable environmental legislation without undue constraint on its ability to carry on efficient operations. The estimated annual cost of environmental compliance for all properties held by the Company in the exploration stage is minimal and pertains primarily to carrying out diamond drilling, trenching or stripping. Environmental hazards may exist on the Company's properties, which hazards are unknown to the Company at present, which have been caused by previous or existing owners or operators of the properties.

Governmental Regulation

Exploration activities on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) restrictions on production, price controls, and tax increases; (iv) maintenance of claims; (v) tenure; and (vi) expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations. Changes in such regulation could result in additional expenses and capital expenditures, restrictions on the availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution, and restrictions and delays in operations, the extent of which cannot be predicted.

The Company is at the exploration stage on all of its properties. Exploration on the Company's properties requires responsible best exploration practices to comply with company policy, government regulations, maintenance of claims and tenure. The Company is required to be registered to do business and have a valid prospecting license (required to prospect or explore for minerals on Crown Mineral Land or to stake a claim) in any Canadian province in which it is carrying out work.

Mineral exploration primarily falls under provincial jurisdiction. However, the Company is also required to follow the regulations pertaining to the mineral exploration industry that fall under federal jurisdiction, such as the Fish and Wildlife Act.

If any of the Company's projects are advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters.

OUTLOOK

The Company's management has instituted a strict cost control program to ensure its ability to continue as a going concern. The Company will undertake additional exploration work on its mineral properties and also continue to evaluate new prospects and opportunities.

DISCLOSURE CONTROLS

In connection with Exemption Orders issued by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual consolidated financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificates under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During the six months ended June 30, 2022, the Company incurred acquisition and claim maintenance costs of $38,300 and exploration expenditures of $43,516.

ADDITIONAL INFORMATION

Additional information concerning the Company and its operations is available on SEDAR at www.sedar.com and on the Company web site at www.pacificbayminerals.com.

APPROVAL

The Board of Directors of Pacific Bay Minerals Ltd. has approved the contents of this management discussion and analysis on August 29, 2022.