ANGEL WING
METALS INC

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

This management's discussion and analysis of the financial condition and results of operations ("MD&A") of Angel Wing Metals Inc. ("Angel Wing" or the "Company") is dated May 1, 2023 and should be read in conjunction with the audited consolidated financial statements of the Company for the years ended December 31, 2022 and 2021. These consolidated financial statements, including the comparative figures, were prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise noted, all financial measures are expressed in Canadian dollars. This MD&A contains forward looking information based on the Company's current expectations and projections.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Forward-looking Statements - Certain statements contained within the Management's Discussion and Analysis, and in certain documents incorporated by reference into this document, constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

In particular, this MD&A contains forward-looking statements pertaining to, without limitation, the following: Angel Wing's production volumes; Angel Wing's realized price of commodities in relation to reference prices; future commodity prices; the Company's future royalty rates and the realization of royalty incentives; Angel Wing's expectation of reducing operating costs; the relationship of Angel Wing's interest expense and the Bank of Canada interest rates; increases in general and administrative expenses and recoveries; future development and exploration activities and the timing thereof; the future tax liability of the Company; the depletion, depreciation and accretion rate; the estimated future contractual obligations of the Company and the amount expected to be incurred under its farm-in commitments; the future liquidity and financial capacity of the Company; and its ability to fund its working capital and forecasted capital expenditures. In addition, statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future.

With respect to the forward-looking statements contained in the MD&A, Angel Wing has made assumptions regarding: future commodity prices; the impact of royalty regimes and certain royalty incentives, the timing and the amount of capital expenditures; future operating expenses; the continued availability of capital, undeveloped land and skilled personnel; the ability to obtain equipment in a timely manner to carry out exploration and development activities; the ability to obtain financing on acceptable terms; the ability to add production and reserves through exploration and development activities; and the continuation of the current tax and regulation.

We believe the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A or as of the date specified in the documents incorporated by reference into this Management's Discussion and Analysis, as the case may be. The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Management's Discussion and Analysis: volatility in market prices for oil and natural gas; counterparty credit risk; access to capital; changes or fluctuations in production levels; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; geological, technical, drilling and processing problems; limitations on insurance; changes in environmental or legislation applicable to the Company's operations, and ability to comply with current and future environmental and other laws; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; and the other factors discussed under "Risk Factors" in the following MD&A.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A and the documents incorporated by reference herein are expressly qualified by this cautionary statement. The forward-looking statements contained in this document speak only as of the date of this document and Angel Wing does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

The financial data presented herein has been prepared in accordance with IFRS. The Company has also used certain measures of financial reporting that are commonly used as benchmarks within the oil and natural gas production industry in the following MD&A discussion. The measures discussed are widely accepted measures of performance and value within the industry and are used by investors and analysts to compare and evaluate oil and natural gas exploration and producing entities. Most notably, these measures include operating netback and funds flow from operations. Operating netback is a benchmark used in the crude oil and natural gas industry to measure the contribution of oil and natural gas sales subsequent to the deduction of royalties and operating costs. Funds flow from operations is before changes in non-cash working capital and site restoration expenditures, and is used to analyze operations, performance and liquidity. These measures are not defined under IFRS and should not be considered in isolation or as an alternative to conventional IFRS measures. These measures and their underlying calculations are not necessarily comparable to a similarly titled measure of another entity. When these measures are used, they are defined as “non IFRS” and should be given careful consideration by the reader.

Per barrel of oil equivalent (“boe”) amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. BOE’s may be misleading, particularly if used in isolation. The boe conversion ratio used is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Description of the Business & Business Overview

The Company is focused on the exploration and development of its portfolio of precious metals properties in Mexico and Canada. The Company's flagship El Grande gold project covers 655 square kilometers (km^2) in the southern extension of the prolific Sierra Madre Occidental gold- silver belt in the state of Nayarit, Mexico and demonstrates significant gold and silver mineralization.

The Company also owns two early-stage gold exploration projects in Northwestern Ontario. The Quartz Lake Project is located 50km east of the prolific Red Lake district and demonstrates many similar geological features of other successful exploration plays in the region. The Winora Project is located near Lingman lake, 325 km north of Red Lake and consists of 17 patented mining claims that are estimated to be within 500 m and on strike with the historic Lingman Lake gold deposit.

Angel Wing Metals is committed to sustainable and responsible exploration and business activities in line with industry best practices, supportive of all stakeholders, including the local communities in which the Company operates.

For more information, please visit the Company's website at www.angelwingmetals.com.

Corporate Activities

On May 6, 2022, the Company granted 3,350,000 stock options at an exercise price of $0.20 were granted to the directors, officers, and consultants to the Company.

Effective at market open on May 19, 2022, the Company's common shares began trading on the TSXV under the name Angel Wing Metals Inc., and its new trading symbol "AWM".

On July 28, 2022 the Company announced the voting results from the Annual General and Special Meeting of the Shareholders held on July 28, 2022. The shareholders voted in favour of all other matters set out in the Company's Management Information Circular dated June 16, 2022. These matters include (1) fixing the number of directors to five; (2) the re-appointment of Auditors Kenway Mack Slusarchuk Stewart LLP, Chartered Accountants; and (3) re-approving the stock option plan of the Company.

On Aug. 29, 2022 the Company announced the appointment of Ms. Alexandria Marcotte, P.Geo to its Board of Directors. The Company also announced that Mr. Joseph Mullin would be stepping down from the board effective immediately but will continue on as an advisor to management and the Board.

On Oct. 3, 2022 the Company announced the appointment of Mr. Remantra Sheopaul as Chief Financial Officer ("CFO") of the Company, replacing the current interim CFO Mr. Sameer Uplenchwar, effective immediately.

On Nov. 2, 2022, the "Company announces the filing of its restated unaudited condensed interim financial statements for the periods ending March 31, 2022 and June 30, 2022 (the "Restated Financial statements"), to account for the change in accounting for the acquisition of Lago de Oro Resources S.A. de C.V. ("LOM") and its El Grande Project ("El Grande" or "the Project") announced on March 30, 2022. The Restated Financial Statements were prepared following a continuous disclosure review by the Staff of the Albert Securities Commission (the "ASC") of the Company's disclosure records.

CORPORATE EVENTS SUBSEQUENT TO DECEMBER 31, 2022

Effective January 20, 2023, the Company sold its subsidiary Huntington Capital Inc., for proceeds of $96,000.

On February 24, 2023, the Company announced 500,000 stock options at an exercise price of $0.15 were granted to the certain directors of the Company. The stock options granted vest immediately and are exercisable for a period of ten years from date of grant.

On March 30, 2023, the Company announced Mr. Marc Prefontaine as the Company's new President and CEO, effective April 15, 2023. Mr. Prefontaine succeeds Mr. Bryan Wilson, who will be retiring from his role as President, CEO, effective April 15, 2023. Mr. Prefontaine has also been appointed to the Board of Directors effective immediately. Mr. Wilson has stepped down as Director, effective immediately, but will continue as an active and engaged advisor to the Board of Directors, upon the transition of Mr. Prefontaine in the President and CEO role.

Mr. Cal Everett has been appointed to the Board and will assume the role of Chairman of the Board of directors, replacing Mr. Frank Busch will be stepping down from the Board of Directors effective immediately.

Angel Wing Metals is also pleased to announce a private placement financing with a lead order from Mr. Prefontaine and select close associates. The financing will be on a non-brokered private-placement basis of between 20,000,000 and 23,636,363 common share units of the Company ("Units") at a price of $0.11 per Unit, for total gross proceeds between 2,200,000 and $2,600,000. Each Unit will consist of one common share of the Company and one-half warrant. Each full warrant will be exercisable for a period of two years from issuance at a price per common share of $0.25. Proceeds from the private placement will be used by the Company for exploration at its Mexico properties and for general and corporate purposes.

The private placement is subject to a statutory 4-month hold from the date of issuance. The private placement is subject to the receipt of all necessary approvals including the approval of the TSXV and applicable securities regulatory authorities. No fees are payable on this financing.

Subsequent to closing the private placement, Angel Wing Metals will be taking under consideration a potential rollback of the Company common shares at approximately 2 for 1. If determined appropriate, Angel Wing Metals will bring the proposal to a vote of the shareholders. Any potential rollback is subject to market conditions and TSXV approvals.

On April 11, 2023, the Company granted 1,500,000 stock options at an exercise price of $0.20 to the President & CEO, Mr. Marc Prefontaine. The stock options granted will vest in three equal instalments over two years and are exercisable for a period of ten years from date of grant.

EXPLORATION ACTIVITIES

On February 23, 2022, the Company announced it signed a definitive purchase agreement on Lago De Oro Resources SA de CV, and further on March 30, 2022, Angel Wing Metals Inc. announced it had completed the acquisition of its 100% interest in Lago De Oro Resources SA de CV and its El Grande gold and silver exploration project. The Project covers approximately 55,000 hectares (ha) (550 km^2) area in the southern extension of the Sierra Madre Occidental ("SMO") gold-silver belt in the state of Nayarit, Mexico. El Grande covers large areas of altered volcanic rocks and is being targeted for its gold, copper and silver potential. The acquisition represents a unique opportunity for Angel Wing to be the first mover in a potential district-scale gold-copper-silver system as the project already contains widespread evidence of mineralization with no history of modern exploration to date.

The acquisition was completed by way of a definitive purchase agreement with a third party for 100% of the issued and outstanding shares of LOM for the following consideration: 1) Cash payment of US$500,000; 2) Issuing 4.0 million common shares of the Company; 3) A Net Smelter Return capped at 2%; and 4) Future share- based "milestone payments" based on the incremental addition of gold-equivalent (gold-silver) National Instrument 43-101 mineral resource ounces above a base 500,000 ounces on any given deposit within the property, capped at 20,000,000 shares.

March 1, 2022, the Company announced it has commenced drilling on its 100% owned Winora Gold Project located north of Red Lake, Ontario. The 1,800 metre drill program was aimed at testing the western claim boundary adjacent to the Lingman Lake gold bearing vein trend.

EXPLORATION EVENTS SUBSEQUENT TO DECEMBER 31, 2022

On February 23, 2023 the Company announced that it closed a transaction with a private entity to acquire a 100% interest in the 102.87 square kilometre ("km^2") La Reyna group of claims adjoining the El Grande Project to the southeast. The claims cover most of the Aguila de Oro Mineral District, with its long history of small-scale production for gold, silver, and copper, not ever systematically explored with drilling. Pursuant to a Purchase and Assignment Agreement ("The Agreement"), Angel Wing Metals, through its subsidiary Lago de Oro S.A. de C.V., has made a total payment of US$700,000 upon completion of three performance milestones:

- US$150,000 upon signing of The Agreement (paid)- Complete
- US$150,000 upon presentation of The Agreement to, and acceptance for registration by the Public Registry of Mining of Mexico, (paid) and
- US$400,000 upon Registration of the Agreement by the Public Registry of Mines of Mexico., which is deemed to be regulatory approval In Mexico. (paid)

A further payment of US$50,000 will be due upon Angel Wing Metals identifying each 1.0 million ounces of gold in the Measured and Indicated categories of a Mineral Resource as defined by the Canadian National Instrument 43-101 ("NI 43-101") Standards of Disclosure for Mineral Projects on the La Reyna Property, and a 1.5% net smelter return royalty with Angel Wing Metals retaining a right of first refusal to purchase the royalty for US$2.0 million.

Upon completion of the acquisition, the Company's land holdings (the combined La Reyna and El Grande Properties) will be operated collectively as the El Grande Project. The project includes the 52,772.12 hectares El Grande claim application (in progress), a 2,200 hectare option agreement for the La Margarita and La Mona claims (expires September 2, 2023), and includes title to 10,599.35 hectares of active claims comprising most of the Aguila de Oro Mining District.

PROJECT OVERVIEW

A summary of exploration costs for all properties is summarized below:

	Winora Property	Quartz Lake Property	El Grande Gold Property	Total
Balance, December 31, 2020	$ -	$ 33,634	$ -	$ 33,634
Acquisition costs	1,256,595	42,200	-	1,298,795
Consulting costs	142,424	6,450	-	148,874
Site costs	92,829	11,103	-	103,932
Balance, December 31, 2021	1,491,848	93,387	-	1,585,235
Acquisition costs	-	-	2,298,922	2,298,922
Geology and project drillings costs	2,058,519	206,963	1,116,694	3,382,176
Site costs	5,000	3,058	215,540	223,598
Exchange translation	-	-	114,050	114,050
Balance, December 31, 2022	$ 3,555,367	$ 303,408	$ 3,745,206	$ 7,603,981

El Grande Project, Nayarit State, Mexico

Since the closing of the acquisition of LOM, and of the El Grande Project, the company through LOM has successfully acquired an additional 10,599.35 hectares of claims as part of a strategy to consolidate the Aguila de Oro Mining District, an historical mining district for gold, silver and copper. The addition to most of the Aguila de Oro Mining district to the El Grande project marks the first time this important underexplored mining district has been consolidated into a single exploration project, and the first time district scale regional exploration methods can be applied. Exploration of El Grande began in early May of 2022, soon after the closing of the Lago de Oro Resources acquisition.

Exploration of the project is focused on the southeast portion of the El Grande project, within the Aguila de Oro Mining District where anomalous gold and silver mineralization is usually exposed in outcrop at the higher elevations, where it is commonly associated with extensive alteration and artisanal mine workings. Windows of mineralized altered outcrop are also exposed within the wide valley floors, where extensive supergene and hydrothermal clay and iron oxide alteration is mapped over a 40 km^2 area (open in all directions). These exposed windows suggest the overburden filling the valleys is relatively shallow. This is confirmed in the various well logs surveyed to date and from historical trench data which showed overburden ranging from a few cm up to about 15 metres depth. The Company has identified several interpreted vein fields that assayed for gold mineralization that strikes, cumulatively, for approximately 8 kms, within corridors mapped over approximately 700 metre widths. Mineralization remains open for extension in all directions.

The results from this year's program have confirmed multiple exploration targets that warrant follow-up, have confirmed the gold-silver and copper mineral potential of the project, has confirmed the presence of at least two mineralizing events (a younger Ag (Au)-Pb-Zn (Basin and Range) event and an older Au (Cu, Ag) Laramide event), and has advanced several targets to the drill ready phase. During the 2022 exploration program, the company collected 3,276 samples including 1,565 soil samples (of which 380 samples assayed greater than the anomalous background level of 20 ppb gold for soils), and 1,711 rock chip samples (where 380 assayed greater than the 0.1 g/T gold anomalous limit). Gold assay results ranged from nil to a maximum of 27.12 g/T Au, while silver ranged from nil to a maximum value of 999.49 g/T Ag. An additional 276 samples were collected for QAQC purposes. The results from this program have been used to develop the exploration proposal for the 2023 calendar year.

During 2022, the company completed regional scale mapping and prospecting on the El Grande Project and sampling over approximately 40 km^2 . Structural and alteration studies are in progress, as is additional mapping and soil grid sampling. Of the exploration targets identified across the project area, five of the targets were selected for follow up exploration and early stage drilling: the El Polo, Aguila de Oro, and La Tauna trends and the La Presa and El Tule Basins. These targets are located within the Aguila de Oro Mining District. The previously announced 2022 drill program was put on hold pending the receipt of an updated drill permit to include the La Reyna group of claims. That permit was subsequently received on December 13th, 2022 , and drilling is now planned in 2023.

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The Company has proposed an exploration program and budget for the 2023 calendar year that includes mapping and sampling, trenching, airborne and ground geophysics, satellite imagery, and alteration and structural detail mapping. The results of the program will be used to design an early-stage exploratory drill program proposed to begin later this year, following receipt of the survey results. Drill results are expected to confirm the continuity at depth of known surface gold, silver and copper mineralization as defined by the company’s exploration results received to date. Results from the 2023 exploration and drill program will be assessed for additional exploration and drilling.

The company has signed 5-year surface access agreements with 14 Ejidos, providing access for all exploration and drilling activities, including access to the abundant surficial waters. The agreements are renewable every 5 years. As exploration advances, long term access contracts will need to be negotiated to move to the anticipated exploitation and development phase.

Exploration Targets

El Polo

This target area includes a range of hills that is host to many historical shallow mine workings, including the past producing El Polo mine. The trend hosts widespread argillic (clay-sericite-pyrite) alteration that is associated with precious metals mineralization identified in numerous discontinuous outcroppings along a 3.5 km north-south trend that is up to 1.0 km wide.

The Company is currently planning to do detailed mapping, sampling, and ground geophysics to fine tune an initial exploratory drill program in the planning stages for the 2023 exploration year.

La Presa Basin

This is a topographic depression that lies north and west of the El Polo mine, initially interpreted as a circular feature from Aster satellite imagery. This 2.0 km by 1.5 km area displays widespread clay ("argillic") alteration and is considered prospective for porphyry style, intrusion hosted or epithermal mineralization. The basin is host to shallow lakes and cultivated fields with sparse outcrop exposure.

This target requires additional mapping, and ground and airborne geophysics to assist with drill hole planning.

Laguna El Tule

Laguna El Tule is a large topographic depression to the east of El Polo, the site of a shallow seasonal lake and cultivated fields, about 4.0 km by 2.0 km in circumference. Like the La Presa Basin, El Tule has a potential for bulk tonnage exploration. The surrounding area is obscured by shallow overburden with sparse outcroppings of altered and mineralized rhyolite, andesite and magnetic dacite.

This target requires additional work to advance to the drill ready stage.

Aguila de Oro

Named after the former Aguila de Oro Mining district, this target is host to numerous past producing artisanal mine workings and prospects along a north-easterly trend of discontinuous outcrop within a 2.4 km by 1.8 km area. Gold and silver mineralization is found in numerous exposures of veins and hydrothermal breccia and may represent a structural target ("dilational zone") prospective for bulk tonnage targets.

La Tauna

A recent discovery, La Tauna follows a northerly trending range of hills that parallels the El Polo trend and is currently mapped over 750 meters from the La Tauna to Nortesur prospects. Mapping and sampling is ongoing.

Quartz Lake Project, Ontario, Canada

On January 15, 2021, the Company announced the acquisition of the Quartz Lake mineral exploration property. The exploration area that comprises the Quartz Lake Property is located approximately 80 kilometers northeast of Red Lake and covers an area of 11,280 ha. The Company completed the acquisition of the Quartz Lake Project on February 8, 2021, resulting in Angel Wing owning a critical mass of contiguous exploration opportunities.

The Company is currently assessing the results of a till sampling carried out from October to November 2021. The sampling sites were predetermined to be primary basal till and suitable for sampling for the purpose of preforming heavy mineral separations (primary gold grains). The full set of results and their assessment shall be reported as soon as they have been reviewed by the Company’s Qualified Person expected to be in early Q1 2023.

At least three (3) areas of anomalous gold grains in basal till have been examined and are being evaluated during Q4 2022, while favorable access and weather conditions permit.

The Company has completed a detailed Induced Polarization (“IP”) and magnetic survey over a large northeastern portion of the isolated Key-Hole Claim portion of the Quartz Lake Project, with results currently being assessed.

Winora Project, Lingman Lake, Ontario, Canada

On July 27, 2021, Angel Wing completed the acquisition of the Winora Project. The Winora Project consists of 17 patented mining claims covering an area of approximately 354 hectares located in the District of Kenora, Northern Ontario. The Winora Project is located 500 metres east of the historical Lingman Lake Gold Mine.

The high-grade Lingman Lake gold mineralization is hosted in multiple quartz veins and remains open to the east toward the Winora property and at depth. The Winora property is approximately 500 m from the eastern edge of defined gold mineralization of the Lingman Lake gold deposit. The Company completed approximately 1,600 m of diamond drilling in 7 holes at the Winora Project in March of 2022.

Assay results from sampling of the drill core are being compiled and assessed as of the date of the reporting of this MD&A. No additional work or exploration expenditures are anticipated on for the Winora Project at this time.

QUALIFIED PERSONS

The technical contents of this document for the El Grande Project have been reviewed and approved by Alexandria Marcotte, P.Geo; the technical contents of this document for the Quartz Lake and Winora Projects have been reviewed and approved by Bruce Durham, all are a consultants to the Company and are Qualified Person as defined by Canadian Securities Administrators National Instrument 43-101 “Standards of Disclosure for Mineral Projects”.

OIL AND GAS LANDS AND RIGHTS HELD AS AT DECEMBER 31, 2022

While Angel Wing has transitioned its principal business to that of mining exploration, historical oil and gas assets remain in the Company and summary description of Angel Wing's major producing and exploration oil and gas properties is set out below. References to gross volumes refer to total production. References to net volumes refer to Angel Wing's working interest share before the deduction of royalties payable to others. These properties are all located in the Alberta, Canada. In February 2023, the Company sold its subsidiary Huntington Exploration Inc., which holds its oil and gas assets for proceeds of $96,000.

Warwick Alberta

Angel Wing Metals owned a 50% working interest in two wells located on one section of land.

Production and Operating Costs

Netback is a non-GAAP financial measure commonly used in the oil and gas industry to assist in measuring operating performance and is also presented in a per-unit basis. Netback per BOE reflect our margin on a per-barrel of oil equivalent basis. Netback is defined as gross sales less royalties, transportation and blending and operating expenses, and netback per BOE is divided by sales volumes. Netbacks do not reflect non-cash write-downs or reversals of product inventory until it is realized when the product is sold.

The following table provides a reconciliation of the items comprising Netbacks, and Netbacks per BOE to Operating Margin found in the Company's consolidated financial statements.

	Three Months Ended December 31,		Year ended December 31,	
	2022	**2021**	**2022**	**2021**
Total boe production	**890**	1,261	**$ 4,173**	$ 5,026
BOE/day	**9.67**	13.71	**11.43**	13.77
Working interest revenue ($)	**26,964**	32,841	**108,084**	93,270
Revenue / boe ($)	**30.30**	26.05	**25.90**	18.56
Royalties ($)	**(5,470)**	(5,816)	**(18,815)**	(15,975)
Royalties/boe ($)	**(6.15)**	(4.61)	**(4.51)**	(3.18)
Production costs ($)	**(8,536)**	(18,308)	**(46,507)**	(76,683)
Production costs/boe ($)	**(9.59)**	(14.52)	**(11.14)**	(15.29)
Operating net back ($)	**12,958**	8,717	**42,762**	612
Operating net back/boe ($)	**14.56**	6.92	**10.25**	0.12

The Company receives the most up to date numbers from its joint partners to be included in the Company's quarterly reports. These numbers may be subsequently adjusted based on delayed or updated information from the Company's joint partners provided after the Company has filed its quarterly reports.

With respect to the revenues, royalties and production costs in the current period are in the line with expectations. The decrease in revenues is a direct result of gas prices decreasing in the quarter. Royalty costs decreased because the expense is based, primarily, on revenue earned. Production costs have declined as the operator has reduced costs on Joint Billings issued to the Company.

SELECTED ANNUAL FINANCIAL INFORMATION

The following is selected financial data derived from the audited consolidated financial statements of the Company for the years ended December 31, 2022, December 31, 2021 and December 31, 2020.

	Year ended December 31, 2022 ($)	Year ended December 31, 2021 ($)	Year ended December 31, 2020 ($)
Petroleum and natural gas sales net of royalties	89,268	77,295	49,558
Loss from continuing operations	1,112,519	1,918,031	176,913
(Income) loss from discontinued operations	(36,190)	12,364	nil
Net loss	1,076,328	1,930,395	176,913
Net loss per share	(0.011)	(0.028)	0.008
Total assets	11,642,902	10,571,738	1,449,768
Weight average shares outstanding	96,261,159	68,284,458	22,080,938
Number of shares outstanding	110,870,817	88,820,817	42,649,431

SUMMARY OF QUARTERLY RESULTS

Quarter Ended	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
($ thousands of dollars, except per share amounts)				
Income (loss) from continuing operations	$ 360	$ (126)	$ (982)	$ (365)
Income from discontinued operations	$ 8	$ 3	$ 23	$ 2
Comprehensive income (loss)	$ 501	$ (116)	$ (1,006)	$ (363)
Comprehensive income (loss) per share	$ 0.003	$ (0.001)	$ (0.004)	$ (0.004)
Total assets	$ 11,643	$ 10,862	$ 11,130	$ 11,130

Quarter Ended	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
($ thousands of dollars, except per share amounts)				
Revenue	$ 33	$ 23	$ 17	$ 20
Comprehensive loss	$ (19)	$ (267)	$ (1,385)	$ (259)
Comprehensive loss per share	$ (0.003)	$ (0.016)	$ (0.006)	$ (0.006)
Total assets	$ 10,572	$ 10,602	$ 1,339	$ 1,339

RESULTS OF OPERATIONS

Year ended December 31, 2022, compared with year ended December 31, 2021

The Company's net loss for the year ended December 31, 2022 was $1,076,328 ($0.01 per share), compared to $1,930,395 ($0.03 per share) for the year ended December 31, 2021. Significant variations are described below.

	For the year ended December 31,			
	2022	**2021**	**Variance**	**Comments**
Administrative	$ 679,401	$ 829,277	$ (149,876)	The decrease in general and administrative can be associate to a decrease in management and consulting fees because fewer consultants are engaged by the Company.
Share-based compensation	592,950	1,141,850	(548,900)	This was a result of the Company granting 3,500,000 stock options compared to 4,200,000 stock options in the comparative period. Share-based payments will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.
Pre-exploration costs	125,594	-	125,594	The Company incurred costs related to properties acquired in 2022, before it had the legal right, these costs have been expensed in accordance with the Company's accounting policies.
Deferred income tax recovery	(323,275)	(33,843)	(289,433)	During the year the Company completed its obligations under its flow through share program
Net (income) loss from discontinued operations	(36,190)	12,364	(48,554)	The Company began transitioning to a mineral exploration company at the end of 2021 and thus cut certain expenditures which, along with increases in prices received,resulted in net income from the discontinued operation.
Other expenses and revenues	37,849	(19,253)	57,102	Non-significant variances in other expenses and revenue items.
Total	**1,076,328**	**1,930,395**	**(854,067)**	

Three months ended December 31, 2022, compared with three months ended December 31, 2021

The Company's net income for the three months ended December 31, 2022 was $370,698 ($0.00 per share), compared to net loss $19,534 ($0.00 per share) for the three months ended December 31, 2021. Significant variations are described below.

	For the year ended December 31, 2022	For the year ended December 31, 2021	Variance	Comments
Pre-exploration costs	125,594	-	125,594	The Company incurred costs related to properties acquired in 2022, before it had the legal right, these costs have been expensed in accordance with the Company's accounting policies.
Deferred income tax recovery	(545,324)	(38,284)	(507,041)	During the period the Company made eligible expenditures to meet its obligations under its flow through program.
Net (income) loss from discontinued operations	(8,074)	1,946	(10,020)	The Company began transitioning to a mineral exploration company at the end of 2021 and thus cut certain expenditures which resulted in net income from the discontinued operation.
Other expenses and revenues	57,107	55,872	1,235	Non-significant variances in other expenses and revenue items.
Total	**(370,698)**	**19,534**	**(390,232)**	

General and Administrative breakdown

A detailed breakdown of general and administrative expenses is as follows:

Year ended December 31,	**2022**	**2021**
Professional fees	**$ 279,118**	$ 299,258
Management and consulting fees	**139,850**	339,650
Shareholder communication	**111,373**	62,677
Insurance	**22,556**	18,641
Fees and licenses	**40,085**	52,150
Rent	**9,360**	5,871
Software lease	**1,426**	8,503
Other	**75,633**	42,527
	$ 679,401	$ 829,277

WORKING CAPITAL, LIQUIDITY AND CAPITAL RESOURCES

The financial statements have been prepared on a going concern basis. In making the assessment that the Company is a going concern management has taken into account available information about the future, which is at least, but not limited to, one year from December 31, 2022.

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19” was declared a global pandemic by the World Health Organization on March 11, 2020. Governments worldwide enacted emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown.

Governments and central banks have reacted to the global pandemic with significant monetary and fiscal interventions designed to stabilize economic conditions. However, the duration and impact of the COVID- 19 outbreak is unknown at this time, as is the efficacy of the governments and central bank interventions.

On June 16, 2021 the Company closed its private placement with Canaccord Genuity Corp. and Sprott Capital Partners for gross proceeds of $6,000,000 comprised of units (“Common Units”) sold at a price of $0.28 per Common Unit. The Company also closed its contemporaneous non-brokered private placement of flow-through units (“FT Units”) sold at a price of $0.35 per FT Unit for aggregate proceeds of $2,500,000. Each Common Unit and FT Unit consisted of one common share of the Company and one-half of one transferable common share purchase warrant (each whole common share purchase warrant, a “Warrant”). Each Warrant will entitle the holder thereof to purchase one common share of the Company at an exercise price of $0.40 for the period of 2 years following the closing of the Offering.

During the year ended December 31, 2022, the Company had incurred $2,263,102 (December 2021- $236,898) exploration expenditures in relation to flow-through share financing, completing its spending requirements under the flow-through program.

At December 31, 2022, the Company had capital commitments of $550,000 in US dollars related to the El Grande Gold property.

As at December 31, 2022, the Company had current assets of $3,726,423 (December 31, 2021 - $8,937,172) and current liabilities of $468,533 (December 31, 2021 – $619,115). As of December 31, 2022, the Company has a working capital surplus of $3,257,890 (December 31, 2021 - $8,318,057). The Company believes it has sufficient cash to meet its short-term commitments and its ongoing exploration activities (see "Mineral Properties").

Selected Cash Flow Information

	Year Ended December 31, 2022
Operating activities	
Net loss for the year	(1,112,519)
Items not affecting cash (a)	436,314
Changes in non-cash working capital items (b)	(781,059)
Net cash used in operating activities from continuing operations	(1,457,264)
Net cash used in operating activities from discontinued operations	(66,575)

(a) Non cash items of $436,314 consisted of depreciation of $1,246, share-based compensation of $592,950, foreign exchange of $165,393, and offset by deferred income tax recovery of $323,275.

(b) Cash used for working capital purposes of $781,059 consisted of a decrease in accounts receivable of $18,613, an increase in prepaid expenses and other of $562,354, and an increase in accounts payable and accrued liabilities of $41,420, and an increase in value-added tax recoverable of $278,738.

Cash flows from discontinued operations consisted of non-cash accretion on decommissioning liabilities of $2,816, changes in cash used for working capital purposes of $105,581 which consisted of an increase in accounts receivable of $74,921, an decrease accounts payable and accrued liabilities of $30,660.

During the year ended December 31, 2022, the Company had cash outflows from investing activities of $4,778,139, which was due to mineral property expenditures of $4,669,553, purchase of equipment of $4,454, acquisition of LOM of $596,174, and offset by change of short-term investments of $492,042.

During the year ended December 31, 2022, the Company had cash inflows from financing activities of $922,498, which was due to

- During the year ended December 31, 2022, 18,050,000 warrants were exercised at $0.05 for gross proceeds of $902,500.
- Change in restricted cash of $19,998.

RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel include the officers and vice-presidents. Executive officers are paid salaries or management fees and participate in the Company's stock option program. Key management personnel compensation is comprised of the following:

Except as disclosed elsewhere in these financial statements the Company had the following related party transactions during the year:

Year ended December 31,		2022	2021
Consulting and management fees	$	266,800 $	274,284
Stock based compensation		265,500	840,950
Termination benefits		-	51,000
	$	**532,300 $**	**1,166,234**

Included in accounts payables and accrued liablities is $121,077 (December 31, 2021 - $5,000) owing to officers of the Company, or companies controlled by or directors and officers.

SHARE DATA

As of the date of this MD&A the Company had 110,870,817 outstanding common shares.

The Company had the following stock options outstanding as of the date of this MD&A.

Expiry Date	Weighted Exercise Price ($)	Number of Options Outstanding	Number of Options Vested (Exercisable)
August 27, 2027	0.25	700,000	700,000
June 28, 2028	0.25	1,500,000	1,500,000
April 7, 2031	0.25	500,000	500,000
June 29, 2031	0.31	1,300,000	1,300,000
October 8, 2031	0.31	150,000	150,000
May 6, 2032	0.20	2,400,000	2,400,000
February 24, 2033	0.15	500,000	500,000
April 10, 2033	0.20	1,500,000	500,000
	0.23	**8,550,000**	**7,550,000**

The Company had the following share purchase warrants outstanding as of the date of this MDA.

Expiry Date	Exercise Price ($)	Number of warrants Outstanding
June 16, 2023	0.400	14,285,464
Total	**0.40**	**14,285,464**

Financial Risk Management

Foreign Exchange Risk

The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates as some of the Company's operations are located in Mexico, and some expenditures are denominated in US Dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the Mexican peso, and US dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations. As at December 31, 2022 and 2021, the Company did not hold significant amounts of US dollars or Mexican peso.

The Canadian dollar equivalent carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities as at December 31 was as follows:

	2022	2021
US dollar denominated		
Cash	$ 49,316	$ -
Accounts payable	(102,137)	-
Net exposure	$ (52,821)	$ -

	2022	2021
Mexican peso denominated		
Cash	$ 10,784	$ -
Accounts payable	(72,350)	-
Net exposure	$ (61,566)	$ -

Fair value of Financial Instruments

The Company classifies the fair value of these financial instruments measured at fair value subsequent to initial recognition according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash, restricted cash and the investment have been classified as Level 1.

Liquidity Risk

Liquidity risk includes the risk that, as a result of the Company's operational liquidity requirements:

- The Company will not have sufficient funds to settle a transaction on the due date;
- The Company will be forced to sell financial assets at a value which is less than what they are worth; or
- The Company may be unable to settle or recover a financial asset.
- The Company is engaged in the mineral exploration field and its expected source of cash flow in the upcoming years will be through equity financing.

To manage cash flow requirements, the Company maintains a significant portion of its assets in cash and marketable securities.

The Company's accounts payable and accrued liabilities as at December 31, 2022 and December 31, 2021 is comprised of the following:

	2022	2021
Trade accounts payable	295,645	194,543
Accruals (1)	36,000	26,500
Joint Venture (2)	-	41,797
Total	331,645	262,840

(1) Relates to professional fees
(2) Relates to gas production costs owed to the operator.

The Company's trade accounts payable and accrued liabilities as at December 31, 2022 are aged as follows:

	0 to 30 Days	31 to 60 Days	61 to 90 Days	Greater than 90 Days	Total
Trade Accounts Payable	101,552	106,191	-	87,902	295,645

Price Risk

The Company is at risk to changes in commodity prices which may affect financing options available to the Company.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The observable impacts on the fair value and future cash flows of financial instruments that can be directly attributable to interest rate risk include changes in profit or loss from financial instruments whose cash flows are determined with reference to floating interest rates and potential changes in value of financial instruments whose cash flows are fixed in nature. The Company does not have any financial liabilities with floating interest rates but it does hold GIC investments. The GIC's are cashable and investment terms are 90 days or less to minimize cash flow and interest rate risk. Overall, the Company is exposed to minimal cash flow risk.

Capital Risk Management

Capital is comprised of the Company's shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. The Company is not subject to external capital restrictions. There were no changes in the Company's approach to capital management.

ENVIRONMENTAL LIABILITIES

The Company is not aware of any environmental liabilities or obligations associated with its mineral properties. The Company is conducting its operations in a manner consistent with governing environmental legislation.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off-balance sheet arrangements or transactions.

ADOPTION OF NEW ACCOUNTING POLICIES

During the year ended December 31, 2022, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for annual periods beginning on or after January 1, 2023 or later periods. The Company is currently evaluating the impact of the adoption of these new standards on its financial statements.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

TRENDS AND ECONOMIC CONDITIONS

The Company continues to monitor its spending and will amend its plans based on business opportunities that may arise in the future. Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer term strategic decisions.

The Company's business financial condition and results of operations may be affected by economic and other consequences from the global outbreak of COVID-19, which has been ongoing since March 2020, and Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it increasingly difficult for it to raise additional equity or debt financing. Management cannot accurately predict the future impact these items may have on:

- Global gold prices
- Demand for gold and the ability to explore for gold;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on service provider availability, such as legal and accounting;

- Purchasing power of the Canadian dollar; and
- Ability to obtain funding.

RISKS AND UNCERTAINTIES

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.sedar.com).

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

Mining exploration and oil and gas operations involve certain risks and uncertainties. These risks include, but are not limited to, commodity prices, foreign exchange rates, interest rates, credit, operational and safety.

A summary of certain risk factors relating to our business are disclosed below. The Company will no longer pursue opportunities in the oil and gas sector and will refocus on mining exploration opportunities.

Operational risks are managed through the Company’s external insurance program designed to protect the Company from significant losses arising from risk exposures. Risks associated with commodity prices, interest and exchange rates are generally beyond the control of the Company; however, various hedging products may be considered to reduce the volatility in these areas.

Safety and environmental risks are addressed by compliance with government regulations as well as adoption and compliance of the Company’s safety and environmental standards policy.

Public Health Crises - COVID-19

On March 11, 2020, the World Health Organization declared the novel coronavirus “COVID-19” a global pandemic. Governments worldwide enacted emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown, constrictions in the labour market, and high levels of inflation. COVID-19 and efforts to contain it may have broad impacts on the Company’s supply chain, labour, or the global economy, which could have a material adverse effect on the Company’s financial position.

Governments and central banks have reacted to the economic slowdown, caused by the global pandemic with significant monetary and fiscal interventions designed to stabilize economic conditions. However, the duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the governments and central bank interventions.

In addition, the current outbreak of COVID-19, and any future emergence and spread of similar pathogens, could have a material adverse impact on global economic conditions, which may adversely impact: the market price of the Common Shares, the Company’s operations, including the health and safety of the Company’s suppliers, contractors and service providers, its ability to raise debt or equity financing for the purposes of mineral exploration and development, and the operations of the Company.

Mining Exploration and Development

Exploration for and development of gold properties involves significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish mineral reserves by drilling, constructing mining and processing facilities at a site, developing metallurgical processes and extracting gold from ore. We cannot ensure that our current exploration programs will result in profitable commercial mining operations.

The economic feasibility of the mine is based upon many factors, including the accuracy of mineral resource and mineral reserve estimates; metallurgical recoveries; capital and operating costs; government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting and environmental management and protection; and gold prices, which are highly volatile. Development projects are also subject to the successful completion of feasibility studies, issuance of necessary governmental permits and availability of adequate financing.

Commodity Prices

The natural resources are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond the control of Angel Wing. World prices for natural resources have fluctuated widely in recent years. Any material decline in prices could result in a reduction of net production revenue or adversely impact the valuation and economic viability of its assets.

The mining industry, in general, is intensely competitive and there is no assurance that a profitable market will exist for the sale of metals produced even if commercial quantities of precious and/or base metals are discovered. Factors beyond the control of the Company may affect the marketability of metals discovered. Pricing is affected by numerous factors beyond the Company’s control, such as international economic and political trends, global or regional consumption and demand patterns, increased production and smelter availability. There is no assurance that the price of metals recovered from any mineral deposit will be such that they can be mined at a profit.

Certain wells or other projects may become uneconomic as a result of a decline in world prices, leading to a reduction in the volume of Angel Wing's reserves. Angel Wing might also elect not to produce from certain properties at lower prices. All of these factors could result in a material decrease in Angel Wing's future net production revenue, causing a reduction in its acquisition and development activities. In addition, bank borrowings available to Angel Wing are expected to be determined in part by the borrowing base of Angel Wing. A sustained material decline in prices from historical average prices could limit Angel Wing's borrowing base, therefore reducing the bank credit available to Angel Wing, and could require that a portion of any existing bank debt of Angel Wing be repaid.

In addition to establishing markets for its natural resources, Angel Wing must also successfully market its product to prospective buyers. The marketability and price of the product which may be acquired or discovered by Angel Wing will be affected by numerous factors beyond its control. Angel Wing will be affected by the differential between the price paid by purchasers for the product the grades of product produced by Angel Wing. The ability of Angel Wing to market its product may depend upon its ability to acquire transportation which delivers product to commercial markets. Angel Wing will also likely be affected by deliverability uncertainties related to the proximity of its reserves to transportation and processing facilities and related to operational problems with such transportation and facilities and extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of product and many other aspects of the oil and natural gas business.

Mining Title Risks

The Company has taken steps to verify title to mining interests in which it has or is in the process of earning an interest in, including review of condition of title reports, vesting deeds, mining claim location notices and filings, and property tax and other public records and is not presently aware of any title defects. The procedures the Company has undertaken and may undertake in the future to verify title provide no assurance that the underlying properties are not subject to prior agreements or transfers of which the Company is unaware.

The properties owned or optioned by the Company may in the future be the subject of First Nations land claims or similar claims from local or indigenous groups. The legal nature of aboriginal and indigenous land claims is a matter of considerable complexity. The impact of any such claim on the Company’s ownership interest in the properties optioned or owned by the Company cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the properties optioned or purchased by the Company are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company’s activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with First Nations or other local or indigenous groups in order to facilitate exploration and development work on the properties optioned or owned by the Company.

Political and Foreign Risk

The Company currently holds assets in Mexico, and the Company believes that the Mexican government supports the development of their mineral properties by foreign companies. There is no assurance however that future political and economic conditions of this country will not result in their government adopting different policies respecting foreign ownership of mineral properties, taxation, rates of exchange, environmental protection, labour relations, repatriation of income or return of capital, restrictions on production, price controls, export controls, local beneficiation of oil and gas production, expropriation of property, foreign investment, maintenance of claims and mine safety. The possibility that a future government in Mexico may adopt substantially different policies, which might include the expropriation of assets, cannot be ruled out. There is also a risk of limitations being placed on the ability to repatriate funds.

The Canadian Government has also issued a "Regional Advisory" to avoid non-essential travel to Mexico with respect to COVID-19 and warning travel to Mexican states, including Nayarit State, due to violent crime. These events may disrupt our ability to carry out exploration and mining activities and may affect the safety and security of our employees and contractors.

Our business is subject to the Canadian Corruption of Foreign Public Officials Act and similar worldwide anti-bribery laws, a breach or violation of which could lead to civil and criminal fines and penalties, loss of licenses or permits and reputational harm. We operate in certain jurisdictions that have experienced governmental and private sector corruption to some degree. The Corruption of Foreign Public Officials Act and anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business or other commercial advantage. Violations of these laws, or allegations of such violations, could lead to civil and criminal fines and penalties, litigation, and loss of operating licenses or permits, and may damage our reputation, which could have a material adverse effect on our business, financial position and results of operations. There can be no assurance that our internal control policies and procedures will always protect us from recklessness, fraudulent behavior, dishonesty or other inappropriate acts committed by our affiliates, employees or agents. As such, our corporate policies and processes may not prevent all potential breaches of law or other governance practices.

Oil and Gas Exploration, Development and Production Risks

Angel Wing Exploration no longer pursues exploration opportunities in the oil and gas sector and subsequent to the year ended December 31, 2022, sold its subsidiary which held these assets and the related liabilites.

Oil and gas operations are subject to the risks of exploration, development and production of oil and natural gas properties, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, sour gas releases, fires and spills. Losses resulting from the occurrence of any of these risks could have a materially adverse effect on future results of operations, liquidity and financial condition. Angel Wing had attempted to minimize these risks by utilizing a technical team of consultants with extensive experience to assure the highest probability of success in its production, suspension and abandonment program.

Substantial Capital Requirements; Liquidity

Angel Wing's cash flow from its production and sales of petroleum and natural gas is not sufficient to fund its ongoing activities. From time to time, Angel Wing will require additional financing in order to carry out its mining acquisition, exploration and development activities. Failure to obtain such financing on a timely basis or at all could cause Angel Wing to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If Angel Wing's funds from operations are not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to Angel Wing.

Access to Capital

Access to capital has become limited during these times of economic uncertainty. To the extent the external sources of capital become limited or unavailable. Angel Wing's ability to make the necessary capital investments to maintain or expand its mining activity may be impaired.

Credit Exposure

Recent economic conditions have increased the risk that certain counterparties for the Company's oil and gas sales and our joint venture partners may fail to pay. We mitigate these increased risks through diversification and a review process of the credit worthiness of our counterparties.

Angel Wing's policy to mitigate credit risk associated with product sales is to maintain marketing relationships with large, established and reputable purchasers that are considered creditworthy. Angel Wing has not experienced any collection issues with its petroleum and natural gas marketers. Joint venture receivables are typically collected within two to three months of the joint venture bill being issued to the partner. Angel Wing attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital and operating expenditures prior to expenditure and in certain circumstances may require cash deposits in advance of incurring financial obligations on behalf of joint venture partners.

Joint venture receivables are from partners in the petroleum and natural gas industry who are subject to the risks and conditions of the industry. Significant changes in industry conditions and risks that negatively impact partners' ability to generate cash flow will increase the risk of not collecting receivables. Angel Wing does not typically obtain collateral from petroleum and natural gas marketers or joint venture partners; however, the Company does have the ability to withhold production from joint venture partners in the event of non-payment or may be able to register security on the assets of joint venture partners.

Mining Exploration Environmental Regulations

Angel Wing will abide by all environmental regulations required to conduct mineral exploration in Canada Mexico. This includes appropriate consultation with Indigenous people when entering new treaty regions of Canada. It is important to Angel Wing that all aspects of environmental stewardship are maintained and that all laws and regulations relating to mining exploration activities are respected.

A breach of environmental legislation or regulation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact statements and/or studies.

Environmental legislation is evolving in a direction of stricter standards and enforcement and higher fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility from companies, directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. There can be no assurance that all necessary permits and government approvals, which the Company may require for its exploration activities and operations will be obtainable on reasonable terms or on a timely basis or that such laws and regulations would not have an adverse effect on any mining project which the Company may undertake. The Company fully intends to comply with all environmental regulations.

Health, Safety and Environment

All phases of the mining and oil and natural gas businesses present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge.

There are potential risks to the environment inherent in the business activities of the Company. Angel Wing has developed and implemented policies and procedures to mitigate health, safety and environment (HS&E) risks. Angel Wing mitigates HS&E risks by maintaining its wells and complying with all regulations. Technical consultants working for Angel Wing make regular field inspections to ensure that all field personnel and third-party contractors comply with all company and regulatory guidelines. An action plan has been developed to ensure inactive wells are suspended properly and abandoned in a timely fashion. The above noted policies and procedures are designed to protect and maintain the environment and to ensure that the employees, contractors, subcontractors and the public at large are kept safe at all times.

Insurance

Angel Wing's involvement in the exploration for and development of oil and gas and mining properties may result in Angel Wing becoming subject to liability for pollution, blow-outs, cave ins, rockbursts, property damage, personal injury or other hazards. Although Angel Wing has insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances be insurable or, in certain circumstances, Angel Wing may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to Angel Wing. The occurrence of a significant event that Angel Wing is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on Angle Wing's financial position, results of operations or prospects.

Competition

Angel Wing actively competes for acquisitions, exploration leases, licenses and concessions and skilled industry personnel with a substantial number of other mining companies, many of which have significantly greater financial and personnel resources than Angel Wing. Angel Wing's competitors include major as well as independent mining companies and individual miners and operators.

Certain of Angel Wing's customers and potential customers are themselves in mining exploration and the results of such exploration efforts could affect Angel Wing's ability to sell its ore to these customers in the future. Angel Wing's ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

Social License to Operate

Angel Wing operates under the guidelines of the Prospectors and Developers Association E3 Policy in its mining exploration operations. However, heightened public monitoring and regulation of resource producers, refiners, distributors and commercial/retail sellers, especially where their activities carry the potential for having negative impacts on communities and the environment, involves varying degrees of risk to the Company’s reputation, relations with landowners and regulators, and in extreme cases even the ability to operate. Angel Wing maintains an active website that complies with Exchange requirements for timely disclosure and is the primary means of communicating to the general public when required. While media attention and public perception remaining largely beyond the control of Angel Wing’s executive, employees, contractors and directors, the Company makes every effort in its corporate and field operations to engage all stakeholders in a respectful and transparent manner.

Foreign Jurisdictions

Certain of the Company's projects are located in foreign jurisdictions and are subject to risks relating to political stability and changes in laws relating to foreign ownership, government participation, taxation, royalties, duties, rates of exchange, exchange controls, export controls, land use and operational safety, and the potential for terrorism or military repression. Because a significant percentage of its operating costs, exploration expenditures and lease maintenance and acquisition costs are denominated in Mexican Peso, the Company's results of operations are subject to the effects of fluctuations in exchange rates and inflation. The Company does not engage in any hedging activities to minimize such risks.