



ANGEL WING M E T A L S I N C

82 Richmond Street East, Suite 1000, Toronto, ON M5C 1P1.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis of the financial condition and results of operations ("MD&A") of Angel Wing is dated November 29, 2022 and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2021 and the unaudited condensed consolidated interim financial statements of the Company for the nine months ended September 30, 2022. The 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

Angel Wing Metals Inc. ("Angel Wing" or the "Company") (Formerly Huntington Exploration Inc.) is a publicly traded mineral exploration company. The Company's registered office is 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

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 550 square kilometers (km²) 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 in 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 will be 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 Alberta Securities Commission (the "ASC") of the Company's disclosure records.

Exploration Activities

On February 23, 2022, the Company announced it signed a definitive purchase agreement on Lago De Oro 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 SA de CV and its El Grande gold and silver exploration project. The Project covers approximately 55,000 hectares (ha) (550 sq. km.) 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 copper, gold and silver potential. The acquisition represents a unique opportunity for Angel Wing to be the first mover in a potential district-scale gold-silver system as the project already contains widespread evidence of gold 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 HEI; 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.

Oct. 25, 2022 the Company announced it has entered into a binding agreement with a private entity to acquire a 100% interest in the 102.87 square kilometre ("km²") La Reyna Property and package held in six

titled claims adjoining the El Grande Project to the southeast. The claims cover 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., will make a total payment of US\$700,000 upon completion of three performance milestones

1. US\$150,000 upon signing of The Agreement (paid)- Complete
2. US\$150,000 upon presentation of The Agreement to, and acceptance for registration by the Public Registry of Mining of Mexico, and - Complete
3. 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. Submitted for Approval

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 will cover 652 km² and the combined La Reyna and El Grande Properties will be operated collectively as the El Grande Project.

Summary of Quarterly Results

<i>(\$ thousands, except per share amounts)</i>	Three months ended September 30, 2022	Three months ended June 30, 2022	Three months ended March 31, 2022	Three months ended December 31, 2021
Revenue	17	44	21	33
Net income (loss)	(125)	(1,006)	(363)	(19)
Per share – basic and diluted	(0.001)	(0.011)	(0.004)	(0.003)
Total assets	10,862	10,874	11,130	10,572
<i>(\$ thousands, except per share amounts)</i>	Three months ended September 30, 2021	Three months ended June 30, 2021	Three months ended March 31, 2021	Three months ended December 31, 2020
Revenue	23	17	20	16
Net income (loss)	(267)	(1,355)	(259)	(86)
Per share – basic and diluted	(0.016)	(0.026)	(0.006)	(0.004)
Total assets	10,602	9,430	1,339	1,450

Project Overview

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

	<u>Total</u>	<u>Winora</u>	<u>Quartz Lake</u>	<u>El Grande Gold</u>
December 31, 2020	\$ 33,634	\$ -	\$ 33,634	\$ -
Acquisition costs	1,298,795	1,256,595	42,200	-
Consulting costs	148,874	142,424	6,450	-
Site costs	103,932	92,829	11,103	-
December 31, 2021	<u>1,585,235</u>	<u>1,491,848</u>	<u>93,387</u>	<u>-</u>
Acquisition costs	3,555,047	-	-	3,555,047
Project drilling costs	2,079,683	2,079,683	-	-
Site costs	44,150	5,000	39,150	-
September 30, 2022	<u>\$ 7,264,115</u>	<u>\$ 3,576,531</u>	<u>\$ 132,537</u>	<u>\$ 3,555,047</u>

El Grande Project, Nayarit State, Mexico

The El Grande Project hosts a number of historical and recently exploited artisanal gold and silver mineral occurrences, associated with district scale geological structures and large undrilled alteration zones, all with the presence of widespread geochemical levels of gold and silver. The evidence for the presence of the gold and silver mineralization is generally confirmed to be within windows of outcrop exposures in a dominantly low elevation, shallow overburden covered, farming area. The large El Grande property has no history of diamond drilling or modern exploration on any of the known gold and silver occurrences.

At the time of the acquisition in late March 30, 2022, five distinct mineral occurrences were identified for immediate exploration and ranking for follow-up drilling. Since the closing of the acquisition of LOM the owner of the El Grande Project, the company through LOM has undertaken regional scale prospecting / geological mapping intended to characterize the nature of the geological terrain, its significant regional scale structures, and the extent of hydrothermal alteration. This reconnaissance scale work was undertaken to prescribe specific detailed exploration activity, estimate a cost of this work, and rank each area or specific showing in terms of exploration priority. As of the date of this MD&A this assessment work is near completion.

The Company is assessing the potential benefit and cost of using remote sensing geophysical methods, such as airborne magnetic, electromagnetic, lidar, and multi spectral surveys, with work to be carried out during H1 2023. Proposed remote sensing programs would add to the overall project database and assist in ranking existing showings and their relevance in a regional context; it is also anticipated that new targets would emerge as a result of this work.

As of the date of this MD&A, 1115 rock samples and 348 soil samples have been collected throughout the larger El Grande Project area, and the four smaller isolated claim block located to the southeast.

The Company has started the permitting process to undertake diamond drilling on various targets generated by geologic mapping, soil sampling, and geophysics. Drilling will commence as soon as permits are received, which is expected in H1 2023.

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 performing 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 within 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. This work and the IP survey will consume all of the remaining Flow Thru funds that the Company is obligated to spend before Dec 31, 2022.

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 Craig Bow; 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 September 30, 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.

Warwick Alberta

Angel Wing Metals owns a 50% working interest in two wells located on one section of land. The Company share of production from these wells in the third quarter of 2022 was 5,544 mcf or 60.27 mcf/day.

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 interim Consolidated Financial Statements.

September 30	Nine Months 2022	Three Months 2022	Nine Months 2021	Three Months 2021
Total boe production	3,283	988	3,765	1,257
BOE/day	12.03	10.73	13.74	13.61
Working interest revenue (\$)	81,120	17,463	60,429	23,562
Revenue / boe (\$)	24.71	17.68	48.58	18.9
Royalties (\$)	13,345	3,968	10,159	3,957
Royalties/boe (\$)	4.06	4.02	8.15	3.15
Production costs (\$)	37,971	10,784	58,375	17,592
Production costs/boe (\$)	11.56	10.92	47.99	14.05
Operating net back (\$)	29,804	2,711	(8,105)	2,013
Operating net back/boe (\$)	9.09	2.74	(7.56)	1.68

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 increase in revenues is a direct result of gas prices increasing in the quarter. Royalty costs increased 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.

Depletion and Depreciation Expense

There is no depletion expense in 2022 and 2021 as these assets do not, currently, have any proven nor probable reserves. The depreciation expense for 2022 and 2021 comparative periods is calculated on a declining balance basis and is in line with expectations.

General and Administrative Expense

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

September 30,	Nine Months 2022 \$	Three Months 2022 \$	Nine Months 2021 \$	Three Months 2021 \$
Professional fees	236,335	28,602	334,874	112,880
Management and consulting fees	265,401	90,894	284,776	78,076
Shareholder Communication	77,988	24,132	57,430	31,247
Insurance	20,218	6,036	13,384	4,389
Fees and Licenses	39,978	1,939	57,945	9,765
Rent	4,286	1,429	4,443	1,429
Evaluation fees	9,110	1,861	-	-
Software lease	1,426	128	7,549	3,375
Foreign exchange	(53,312)	(67,540)	-	-
Other	74,665	21,652	37,429	38,530
Total	677,095	109,133	797,833	279,691

The increase in general and administrative expenses is in line with expectations as a result of a new management team and the costs related to the transition to a Mineral Exploration Company.

Professional fees have decreased since there has been no new equity financing in the quarter. Management and consulting fees have decreased because fewer consultants are engaged by the Company. Shareholder Communication remains about the same as the Company moves forward as a mining entity. Insurance has increased because of a slight overlap of insurance for the gas properties, that were transferred to HCI in the quarter. Fees and licenses have decreased slightly from the fact that the Company requested less work from the filing agent in the quarter. Rent has remained the same – the difference is due to decrease costs to parking costs. Evaluation fees have increased in the quarter, this is an accrual to estimate the costs for a reserve report to be done for December 2022 year end. Software lease has decreased primarily because the Company has changed accounting software. Other expenses have increased as a result of more training for management, travel related to business development and direct business development costs as the Company transitions to a Mineral Exploration Company.

Income Taxes

Presently the Company does not expect to pay current taxes into the foreseeable future based on existing tax pools, planned capital activities and current forecasts of taxable income. However, the current tax horizon will ultimately depend on several factors including commodity prices, future production, corporate expenses, and both the type and amount of capital expenditures incurred during the remainder of the year and in future reporting periods.

Working Capital, Liquidity & 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, 2021.

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.

As at September 2022, the Company had incurred \$2,309,351 (December 2021- \$236,898) exploration expenditures in relation to flow-through share financing. The remaining \$190,000 expenditures shall be used to Complete the IP Survey on the Quartz Lake, Key-Hole Block and an assessment of the areas where anomalous Gold Grains in Basal Till have been located, and these funds shall be spent by December 31, 2022.

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 the Company had the following related party transactions during the period:

	Nine months ended September 30,		Three months ended September 30,	
	2022	2021	2022	2021
Consulting and management fees	\$ 173,500	\$ 139,000	\$ 22,500	\$ 23,500
Stock based compensation	265,500	-	-	-
	<u>\$ 439,000</u>	<u>\$ 139,000</u>	<u>\$ 22,500</u>	<u>\$ 23,500</u>

Outstanding Share Data

The Company has authorized an unlimited number of Common shares, Non-voting shares and First and second preferred shares, assumable in series.

The following details the share capital structure as of the date of this MD&A.

	Expiry Date	Exercise Price	Number	Total Number
Common shares				110,670,817
Warrants	June 2023	\$0.40	14,285,464	14,285,464
Stock Options				7,400,000
	April 2031	\$0.24	1,550,000	
	June 2031	\$0.34	2,350,000	
	October 2031	\$0.31	150,000	
	May 2031	\$0.20	3,350,000	

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements

Critical Accounting Estimates

A summary of the Company's significant accounting policies is contained in note 3 to the financial statements. These accounting policies are subject to estimates and key judgments about future events, many of which are beyond Angel Wing's control. The following is a discussion of the accounting estimates that are critical to the financial statements.

Share-based compensation

The Company measures equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8.

Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information become available

Valuation of account receivable

The valuation of accounts receivable is based on management's best estimate of the provision for expected credit losses.

Decommissioning and Abandonment Provisions

Decommissioning and abandonment provisions have been created based on the Company's knowledge as at December 31, 2021 and 2020. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standard and techniques will result in changes to provisions from period to period. Actual decommissioning costs will ultimately depend on future market prices for the decommissioning costs which will reflect the market conditions at the time of the decommissioning costs are actually incurred. The final cost of the currently recognized decommissioning provisions may be higher or lower than currently provided for.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Reserves

The estimate of reserves is used in forecasting the recoverability and economic viability of the Company's oil and gas properties, and in the depletion and impairment calculations. The process of estimating reserves is complex and requires significant interpretation and judgment. It is affected by economic conditions, production, operating and development activities, and is performed using available geological, geophysical, engineering, and economic data. As of December 31, 2020, the Company no longer carries any oil and gas assets that have been assigned economic reserves.

Going Concern

The Company must assess its ability to continue as a going concern. 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, 2021. Factors that affect this determination include, but are not limited to, current cash and investments, budgeted expenditures for future periods and the conditions of the markets for exploration companies.

Adopted Accounting Pronouncements

There have been no new accounting pronouncements that the Company needed to adopt prior to September 30, 2022.

Future accounting changes

Angel Wing has reviewed new and revised accounting pronouncements, including those summarized below, that have been issued but are not yet effective. The adoption of these standards and amendments are not expected to significantly impact the Company.

IAS1 "Presentation of financial statements" – amendments to the classification of liabilities as current. The objectives of the amendments to the provide clarification on the classification of liabilities and state explicitly than a company classifies a liability as current when it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for annual reporting periods beginning on or after January 1, 2023

IAS8 "Accounting Policies, Changes in Accounting Estimates and Errors" – amendment. The amendment provides a definition of accounting estimates and provides clarifications to help distinguish between accounting policies and accounting estimates. Accounting estimates are defined as monetary amounts that are subject to measurement uncertainty.

Risk and Uncertainties

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 will no longer pursue exploration opportunities in the oil and gas sector and will work towards the abandonment and reduced liability of its existing oil and gas asset base.

As Angel Wing pursues its goals to abandon its existing oil and gas operations, there could be ongoing delays due to obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. Existing operations will continue with diligent well supervision and effective maintenance operations but risk associated with production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

In addition, 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 attempts 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 Angel 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.